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LEGISLATIVE HISTORY

Public Law 382--78th Congress

Chapter 324--2d Session

H. R. 4937

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LICEST OF PUBLIC LAW 382

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION ACT, 1945.
Appropriates funds for lend-lease, (including agricultural commodities), UTBRA, and FEA.

INDEX AND SUMMARY OF HISTORY ON H. R. 4937.

May 5, 1944	Hearings: House, H. R. 4937.
June 2, 1944	House Committee on Appropriations reported H. R. 4937. House Report 1591. Print of the bill as reported. House began debate.
June 3, 1944	Debate concluded. Passed House with amendments.
June 5, 1944	H. R. 4937 referred to the Senate Committee on Appropriations. Print of the bill as referred.
June 8, 1944	Hearings: Senate, H. R. 4937.
June 12, 1944	Senate Committee on Appropriations reported H. R. 4937 with amendments. Senate Report 961. Print of the bill as reported (not available). Amendment proposed by Senator McKellar. Print of the amendment.
June 13, 1944	Debated in the Senate and passed with amendment. Senate Conferees appointed. Print of the bill with the amendments of the Senate numbered.
June 14, 1944	House Conferees appointed.
June 22, 1944	Both Houses received and agreed to Conference Report. House Report 1721.
June 30, 1944	Approved. Public Law 382.



COPY

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL FOR 1945

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

SEVENTY-EIGHTH CONGRESS

SECOND SESSION

ON THE

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL FOR 1945

42 4937

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6/30/44

DEFENSE-AID-LEND-LEASE

UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION

FOREIGN ECONOMIC ADMINISTRATION, SALARIES
AND EXPENSES

EXPORT-IMPORT BANK OF WASHINGTON

Printed for the use of the Committee on Appropriations





FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL FOR 1945

HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES SEVENTY-EIGHTH CONGRESS SECOND SESSION ON THE FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL FOR 1945

DEFENSE-AID—LEND-LEASE
UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION
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EXPORT-IMPORT BANK OF WASHINGTON

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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

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FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL, 1945

HEARINGS CONDUCTED BY THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, IN CHARGE OF DEFICIENCY APPROPRIATIONS, MESSRS. CLARENCE CANNON (CHAIRMAN), CLIFTON A. WOODRUM, LOUIS LUDLOW, J. BUELL SNYDER, EMMET O'NEAL, LOUIS C. RABAUT, JED JOHNSON, JOHN TABER, RICHARD B. WIGGLESWORTH, WILLIAM P. LAMBERTSON, AND D. LANE POWERS, ON THE DAYS FOLLOWING, NAMELY:

FRIDAY, MAY 5, 1944.

DEFENSE AID—LEND-LEASE

STATEMENTS OF LEO T. CROWLEY, FOREIGN ECONOMIC ADMINISTRATOR; OSCAR S. COX, GENERAL COUNSEL; GEORGE W. BALL, ASSOCIATE GENERAL COUNSEL; JOSEPH M. JURAN, ASSISTANT ADMINISTRATOR

The CHAIRMAN. We have a Budget estimate before us which has been approved by the President, but which has not yet reached the Congress. The number of the House document is 566 and we have it before us now in the form of proof sheets.

This Budget estimate calls for a total for defense aid, or lend-lease, for 1945, of \$3,450,570,000, as contrasted with a total of \$6,273,629,000 for the current fiscal year. That is a reduction of about \$3,000,000,000.

The estimate commences on page 17 of the proof sheets, as the committee will note, that are before you.

This is the first time Mr. Crowley has appeared before us formally as Administrator of the Foreign Economic Administration. We are very glad to have him with us.

We are more or less familiar with the primary functions which his office will handle, because we have had them before us in the lend-lease and in the Office of Economic Warfare and this is the fifth request, I think, we have had for direct appropriation since the passage of the law on March 11, 1941, just before Pearl Harbor.

All of these acts have been passed by Congress practically unanimously and I think all of the appropriations have been passed by Congress with practical unanimity, and we have had this subject before the House in such detail recently, when we recommended the lend-lease law to remain effective until June 30, 1945, after exhaustive hearings on that bill before the Committee on Foreign Affairs, and then I think this is the fourteenth report to the Congress on lend-lease operations, which brings it down to December 31, 1943, and we have also discussed very fully and very completely all of the advantages, the efficient way in which this work has been handled, and the results

of the law and appropriations; so I see no reason for this subcommittee to again go into this matter, which has been so thoroughly covered. So we will confine our consideration at this time, if the committee is willing, to the estimate insofar as it relates to the funds for the coming fiscal year.

We have before us here in two different documents, a copy of which each member of the committee has, a "statement of the funds requested and the purpose for which intended"; then we have this large document here, Details of Funds Requested and Purpose for Which Intended, and the committee will note they discuss the matter in a very logical way both as to the type of article and as to the countries. I want to congratulate you, Mr. Crowley, on the way in which this is presented. It is admirably presented, very clear and very assessable.

Now, if you will, give us a general statement, we will not interrupt you and later on we will call the procuring agency representatives who carry out their portions of this program—the War Shipping Administration; War Food Administration; Navy Department, on the petroleum supply; the Medical Corps, on drugs and medicines; the Treasury Division of Procurement; the War Production Board—if it is necessary to have any testimony on the availability of supplies, and any other witnesses the committee may deem necessary.

At this time, Mr. Crowley, we will be glad to have any general statement you care to make on the estimate.

GENERAL STATEMENT

MR. CROWLEY. Mr. Chairman, this is my first appearance before any appropriations committee. I have been in Washington 11 years and this is the first time I have ever appeared before an appropriations committee. Under the Federal Deposit Insurance Corporation, we operate under our own income. And I am very happy to have this opportunity to sit down with you and discuss the affairs of lend-lease and the Foreign Economic Administration.

We spent several days, as you know, before the Foreign Affairs Committee of the House going over the question of the extension of the Lend-Lease Act. We received a unanimous vote from that body, and then appeared before the Senate Foreign Relations Committee which also voted unanimously to extend lend-lease.

I have a statement here which I would be very happy to read, if the Members would like to have me do so; but I do not want to consume your time unnecessarily.

THE CHAIRMAN. You may read it, if you will.

MR. CROWLEY. I think we all agree that not to appropriate funds for lend-lease at this time in the war would be a great mistake, and from the vote we received in the House on the extension, and the support of the Senate committee, we of course assume that that will be the sentiment of this committee in appropriating funds to lend-lease.

The tremendous aerial assault by the United States Air Forces and the R. A. F. upon Nazi Europe is, our military commanders have told us, merely the prelude to actual invasions by the armed forces of the United States and the other United Nations. Lend-lease bombs, lend-lease fuel, and pilots trained under lend-lease programs, have

helped to make these raids successful. But with the invasion itself, lend-lease will be on the firing line in the greatest offensives in history.

Every weapon of war of every one of the United Nations—military, economic, and political—is being, and will be, used to defeat the enemy. In preparation for the actual invasion, we are cutting down on the enemy's ability to acquire supplies which our economic warfare experts have found are vital to their war industries, such as chrome from Turkey and wolfram from Spain. On the political front too, important results have been achieved, most recently through agreement to expel Axis agents from Tangiers in Spanish Morocco, which is a strategic point on the invasion line of southern Europe. At the same time, lend-lease and mutual aid are building up the strength of the United Nations, arming allied troops and providing the raw materials, machinery, and food necessary to enable allied war industries to attain peak production.

Victory by the United Nations over the Nazis—and the Japanese—is certain and the Nazis and Japanese doubtless know it. But tough and hard fighting is likely to be faced by the fighting men of the Allies in the great offensives ahead of us.

We must assure victory. And, as we have been told again and again by our military leaders, victory can be achieved with minimum losses only by an overwhelming preponderance of striking force.

No one can foretell how long the battle for Europe will last but lend-lease war supplies must flow in a continual and mighty stream to our allies if victory is to be effectively achieved as swiftly as possible. The forces of our allies will be teamed with our own in the tremendous battles that lie ahead.

On the other side of the world United Nations forces have not yet been able to strike decisive blows at the homeland of the treacherous Japanese but we are making significant progress. Our success in the South Pacific, most recently at Hollandia, the attacks on the Japanese fortress islands in the Central Pacific, and the advance in northern Burma, demonstrate that in this theater also great offensives are in the making. Here too lend-lease aid to our allies—the Chinese, the British, the Indians, the Dutch, the Australians, and the New Zealanders—is a necessary part of effective combined United Nations operations with a consequent lightening of the task of our forces.

Lend-lease will be doubtless an even more effective means of war supply in the offensives of the future than it has been in the past.

TOTAL LEND-LEASE AID

Total lend-lease aid from the passage of the Lend-Lease Act, on March 11, 1941, to March 31, 1944, amounts to \$24,225,000,000. Of this aid \$1,244,000,000 was furnished in the year 1941, \$7,009,000,000 in 1942, and \$11,733,000,000 in 1943. Lend-lease aid during the first 3 months of 1944 amounted to the record-breaking total of \$4,239,000,000. Chart 1 shows lend-lease aid by months since the passage of the Lend-Lease Act.

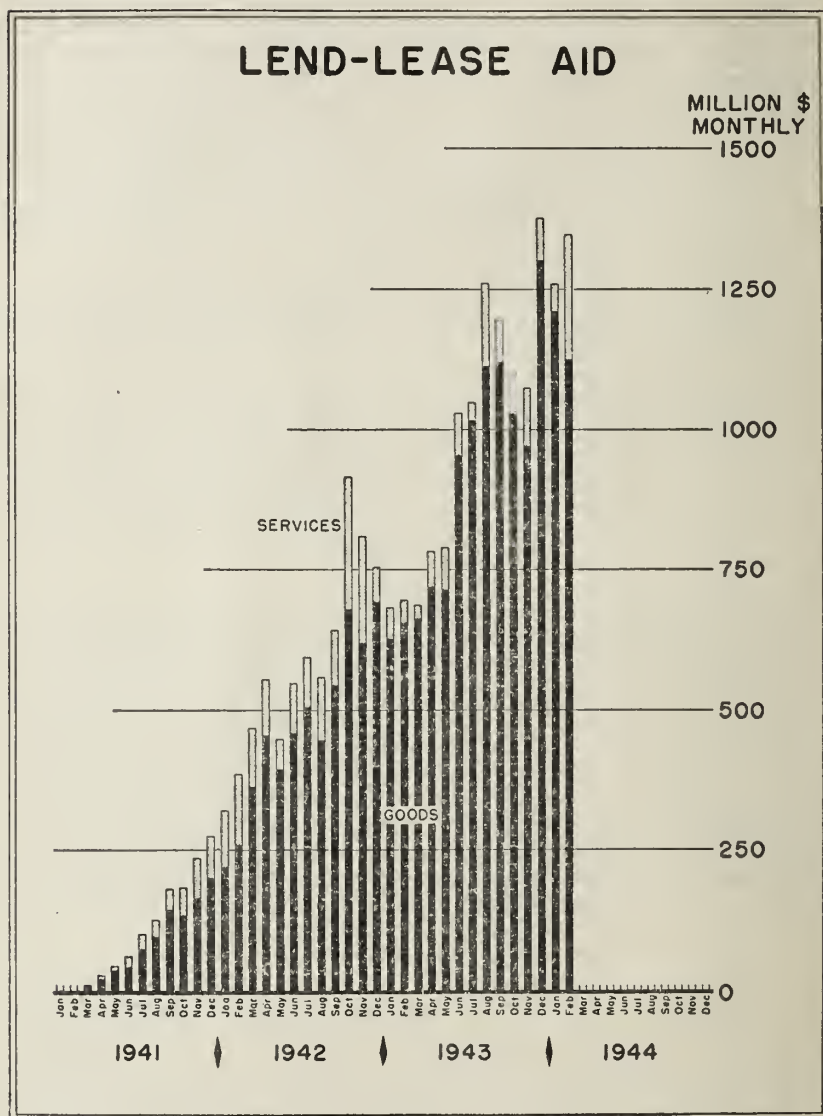


CHART 1

Mr. JURAN. The height of those columns [indicating] shows by months the aid which was delivered during each month.

Mr. O'NEAL. Delivered, or sent?

Mr. JURAN. Transferred to the lend-lease governments. The lower part of the chart represents aid in the form of goods and the upper part of the chart represents aid in the form of services. The total height of the column in each case represents the total amount of aid transferred during that month.

The CHAIRMAN. Beginning with what month?

Mr. JURAN. Beginning with March 1941, which was the month of the passage of the act.

LEND-LEASE EXPORTS BY CATEGORIES

Mr. CROWLEY. More than half of lend-lease aid has consisted of planes, tanks, guns, and other finished munitions. Materials and equipment for the production of munitions and other vital war supplies have amounted to 20 percent. Foodstuffs for soldiers and war workers of our allies have constituted 13 percent. The balance has consisted of services such as shipping, ship repairs, and pilot training, and industrial facilities built in the United States to produce lend-lease goods. Chart 2 shows lend-lease exports by category since the beginning of the lend-lease program.

Mr. JURAN. On this chart for each of the months involved, the height of the top line represents the total of all exports. Munitions are on the lower part of the chart; the middle is the industrial items—raw materials, steel, tools, and that sort of thing; and foodstuffs represent the upper portion of the chart. In each case, the height represents the total of exports for that type of commodity.

LEND-LEASE PROGRAM FOR 1945

Mr. CROWLEY. The lend-lease program for which we are now requesting an appropriation covers the period from July 1, 1944, to June 30, 1945. This program consists primarily of industrial materials and products for our allies' war production, agricultural products for their armed forces and war workers, and services, such as shipping, ship repairs, and provisions. The program does not include ordnance and ordnance stores, aircraft, tanks, military vehicles, naval vessels, and other finished munitions. Transfer authorization for these items has been given in the appropriations made directly to the War and Navy Departments. Chart 3 shows a break-down of the 1945 program by categories of requirements.

Mr. JURAN. That chart is not available in the enlarged form, but it is present as the third chart of the group clipped to the rear of Mr. Crowley's opening statement. In this chart the segments of the circle represent the kinds of requirements involved.

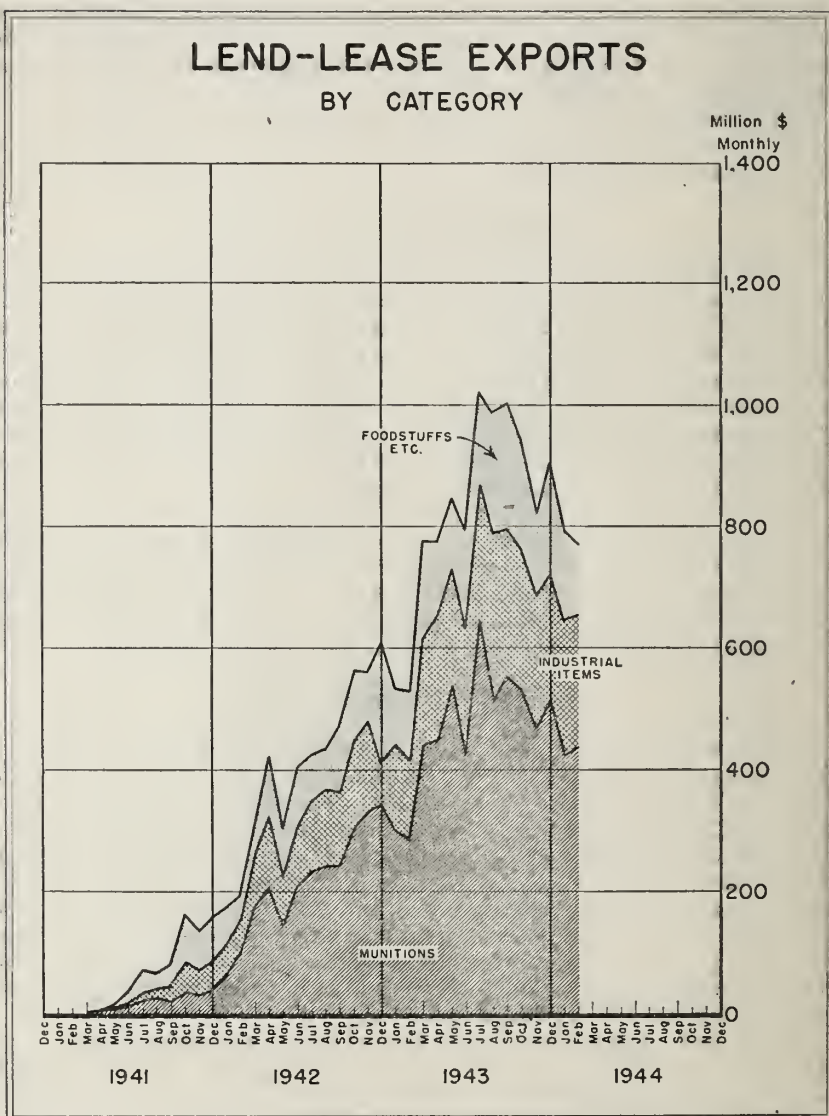


CHART 2

LEND-LEASE REQUIREMENTS BY CATEGORY

JULY 1, 1944 – JUNE 30, 1945

MILLIONS OF DOLLARS

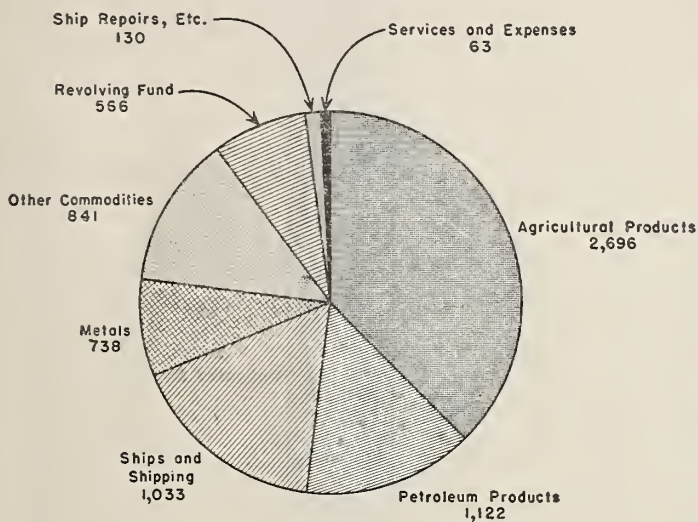
TOTAL: 7,189

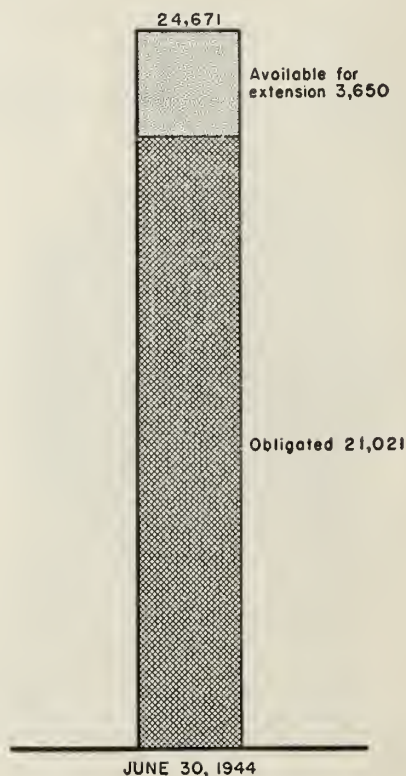
CHART 3

G-1439

STATUS OF PREVIOUS LEND-LEASE APPROPRIATIONS

Mr. CROWLEY. It is estimated that out of the total lend-lease appropriations of \$24,683,629,000 to the President, \$21,020,605,000 will be obligated as of June 30, 1944, leaving a balance of \$3,650,024,000 of unobligated funds. Chart 4 shows the status of previous lend-lease appropriations to the President.

**STATUS OF PREVIOUS LEND-LEASE
APPROPRIATIONS TO THE PRESIDENT
MILLIONS OF DOLLARS**



(Obligations for March-June are estimated)

CHART 4

6-1046

Mr. JURAN. This chart merely shows the relative proportions of those amounts. The blocks are drawn in proportion to the amounts of \$21,021,000 and of \$3,650,000,000.

APPROPRIATION REQUESTED FOR 1945

Mr. CROWLEY. The amount of the new appropriation requested for the lend-lease program is \$3,450,570,000. The amount of new funds needed has been reduced by a requested authorization to use for the procurement of industrial and agricultural products \$88,299,000 which had been received, as of March 31, 1944, under section 6 (b) of the Lend-Lease Act. This 6 (b) account is comprised principally of money received from foreign governments in payment for certain lend-lease supplies furnished for cash, receipts from the sale of reverse lend-lease commodities which foreign governments have furnished us in addition to the aid furnished our armed forces under reverse lend-lease, and proceeds from the salvage of lend-lease cargoes on damaged vessels. Chart 5 gives the balance sheet for the proposed lend-lease program.

Mr. JURAN. This chart shows the total amount of \$7,189,000,000 subdivided in two different ways. The first column shows the funds required for the various types of goods and services involved.

The other column represents the means of financing. Of the total funds available other than new funds, there will be approximately \$3,650,000,000 available, as of June 30, 1944, in unobligated money. In addition, there will be approximately \$88,000,000 in special fund receipts, as Mr. Crowley just indicated, which, through language in the proposed appropriation bill, would be available so as to reduce the total of new funds required. The difference between the total requirements of \$7,188,893,000 and the sum of \$3,650,024,000 and \$88,299,000 would be \$3,450,570,000.

Mr. TABER. Do you have any chart that shows the prospective deliveries?

Mr. JURAN. The manner in which the \$7,188,893,000 would be divided by months?

Mr. TABER. Do you have all the prospective deliveries from April to the end of 1945 by months?

Mr. JURAN. I think we can prepare something of that sort, and in the preparation of these figures we have necessarily made certain computations which produce that information.

Mr. WOODRUM. Are you speaking of it in the sense of money or tonnage or what?

Mr. TABER. Money. There is no use bothering about tonnage. You cannot measure it that way with different commodities.

Mr. COX. That would only be an estimate. The amount shipped in any month depends upon the strategic decisions made in connection with the course of the war. In some months in the case of munitions, for example, the Combined Chiefs of Staff would allocate more than they do in other months. Munitions are not assigned until they come off the production lines, and then the assignment is made in line with the current strategic decisions.

LEND-LEASE FUNDS REQUIRED

JULY 1, 1944 - JUNE 30, 1945
MILLIONS OF DOLLARS

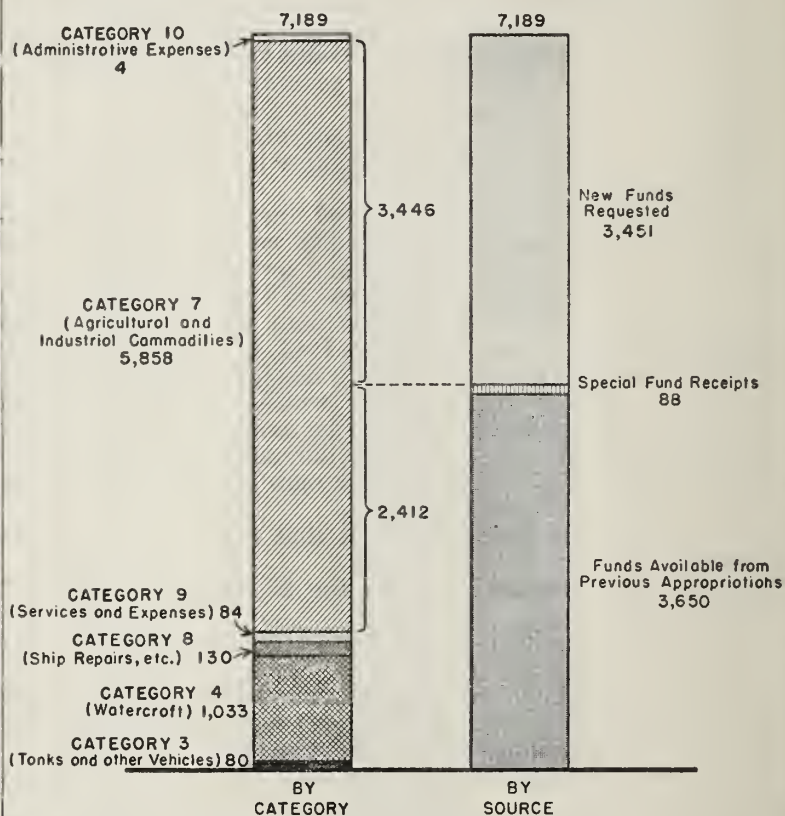


CHART 5

SUMMARY OF ESTIMATES

Mr. CROWLEY. The exhibit, on the following page, which also appears in the appropriation submission, summarizes all these pertinent facts in the appropriation requests.

Column 1 shows the categories of appropriations.

Column 2 shows the unobligated funds available in each category from previous appropriations.

Column 3 shows the unobligated funds after transfers to the categories in which funds are required.

Column 4 shows the funds needed in each appropriation category to meet the requirements of the lend-lease program.

Column 5 shows the new funds which are being requested in category 7, for industrial and agricultural products, and category 10, for administrative expenses.

Statement of estimates of appropriations requested for fiscal year 1945

[In thousands of dollars]

Appropriation category	Estimated unobligated balance June 30, 1944 (before transfer)	Estimated unobligated balance June 30, 1944 (after transfer)	Estimated fund requirements, fiscal year 1945	Estimates of appropriations, fiscal year 1945
1. Ordnance and ordnance stores.....	\$225,596			
2. Aircraft and aeronautical material.....	157,058			
3. Tanks and other vehicles.....	69,794	\$79,880	\$79,880	
4. Vessels and other watercraft.....	736,259	1,033,310	1,033,310	
5. Miscellaneous military equipment.....	75,421			
6. Production facilities in United States.....	58,810			
7. Agricultural and industrial commodities.....	1,733,949	2,411,055	5,857,416	\$3,446,361
8. Servicing and repair of ships, etc.....	168,302	129,600	129,600	
9. Services and expenses.....	424,719	84,402	84,402	
10. Administrative expenses.....	76	76	4,285	4,209
Subtotal.....	3,650,024	3,738,323	7,188,893	3,450,570
Special fund receipts.....	88,299			
Total.....	3,738,323	3,738,323	7,188,893	3,450,570

SCREENING AND COORDINATION OF REQUIREMENTS

The funds which we are now requesting are based upon a careful estimate of lend-lease requirements for the fiscal year for items other than those procured out of appropriations made directly to the War and Navy Departments and the Maritime Commission. The requirements submitted by the lend-lease countries have been carefully screened by the Foreign Economic Administration and by other Government agencies. The War Department has reviewed the final estimates from the standpoint of their relation to the military supply program. The War Production Board has approved the program as realistic and reasonably capable of fulfillment in the light of the needs of our own armed forces and our civilian requirements. The Department of Agriculture has similarly reviewed the food program, the Joint Army-Navy Petroleum Board, and the Petroleum Administration for War have reviewed the petroleum program and the Office of the Rubber Director has reviewed the rubber program. The War Shipping Administration has advised us that it is reasonable to expect that the necessary shipping space will be available. Copies of letters from these agencies are enclosed in your binders.

LEND-LEASE EXPORTS BY COUNTRIES

The distribution of lend-lease exports by country since the beginning of the lend-lease program is shown in chart 6.

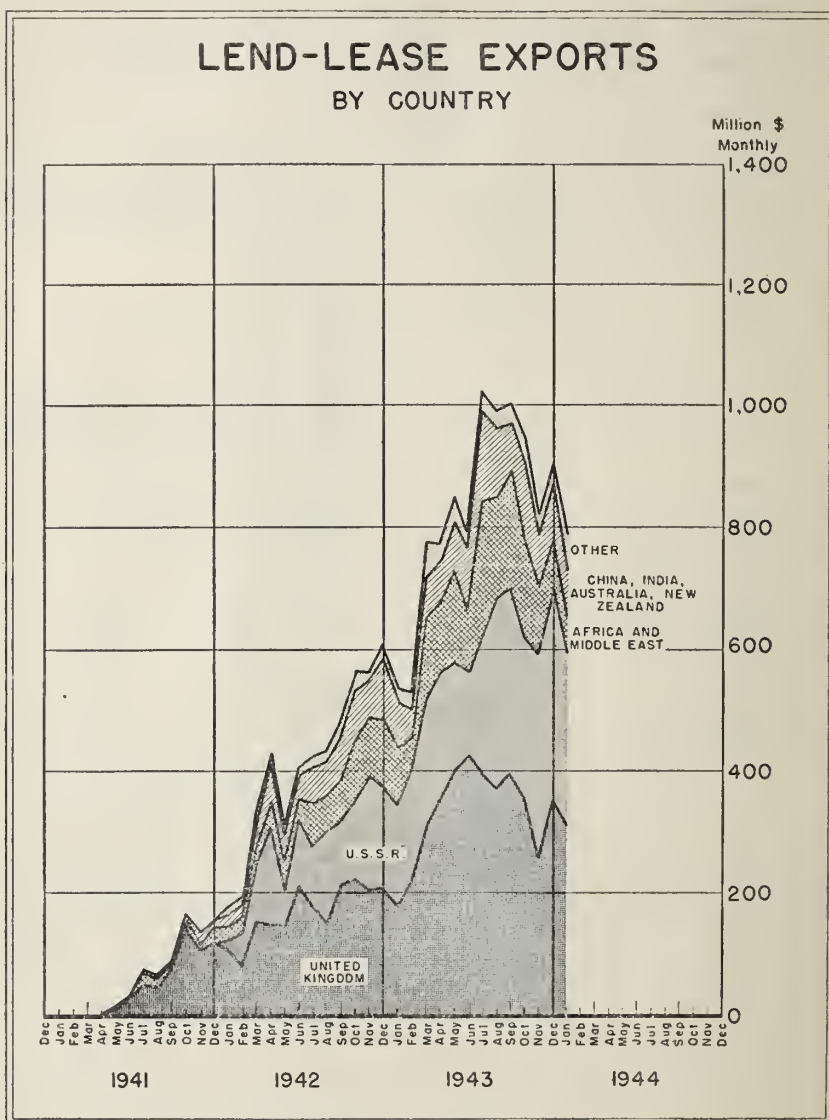


CHART 6

Mr. JURAN. This chart is the same as the chart of exports that was shown a short time ago, but here the exports are broken down by area of destination rather than by category of aid. The top line is exactly the same as in the previous chart.

The United Kingdom is the first one at the bottom of the chart; then comes the Soviet Union; then Africa and the Middle East; then China, India, Australia and New Zealand; and then all others.

Mr. CROWLEY. As of February 29, 1944, more than 95 percent of lend-lease aid had gone to our two principal fighting partners, the Soviet Union and the British Commonwealth.

LEND-LEASE EXPORTS TO UNION OF SOVIET SOCIALIST REPUBLICS

Lend-lease has contributed to the tremendous power with which the Soviet Army has sent the Germans reeling back along the 1,500-mile eastern front. During the third year of the lend-lease program, shipments of lend-lease supplies to the U. S. S. R. totaled slightly over \$3,000,000,000. In addition to planes, tanks, trucks, and other fighting equipment, these shipments included \$913,000,000 of industrial materials and machinery for the production of artillery, planes, tanks, and other war weapons in Soviet factories; \$25,000,000 of aviation gasoline, lubricating oils, and other petroleum products needed by the Soviet armed forces; and about \$600,000,000 of foodstuffs to maintain the rations of the Soviet Army. In the coming decisive battles in the European theater, United States war equipment and supplies will be brought to bear with overwhelming power on the center of Nazi resistance from the east as well as from all other directions.

The program for the fiscal year 1945 provides for large quantities of raw materials needed by Russian war factories. These raw materials include iron and steel for tanks, guns, and other munitions; aluminum for airplanes; zinc for ammunition; ferro-alloys for tanks and other armaments; copper and brass for munitions and communication equipment; and alcohol and other chemicals for synthetic rubber, explosives and other vital war products.

The territory liberated by the Russian Army includes vast industrial areas laid waste by the Germans. The Donets Basin, Kharkov, Rostov, and other large industrial centers will be producing weapons for use against the Nazi Army as soon as their damaged war factories and mines can be restored. For the repair of such factories and mines we are requesting funds for war production equipment such as power generating machinery, machine and small tools, bearings, pumps, mine hoists, conveyors, and miscellaneous industrial equipment.

To supplement the output of Soviet refineries, equipment for which has been furnished under lend-lease, we are supplying aviation gasoline, high-grade lubricating oils, and other special petroleum products not refined in sufficient quantities in the Soviet Union to meet the needs of the Soviet air force and the Soviet Army. Tires and tubes are also required for combat vehicles on the eastern front and for war transport over the lengthening lines of supply as the Red Army advances. The Soviet Union, of course, meets by far the larger part of its requirements for these, as well as other products, from its own production.

Lend-lease shipments of foodstuffs to the Soviet Union should continue in substantial quantities until agricultural production in the Ukraine and other areas can be fully restored. To assist in the restoration of these agricultural areas, seeds will be provided under lend-lease. In the meantime food shortages in the Soviet Union continue to be very severe.

Lend-lease foodstuffs are used almost entirely by the Soviet Army. They pack high nutritive value in small shipping space and supplement the deficiencies in the Soviet Army's diet, especially in proteins and fats. We are sending Russia high protein-content foods such as powdered milk, dried eggs, dried beans and peas, and pork. We are also sending a large quantity of lard, which is used as a spread on bread. Other foodstuffs supplied are wheat and wheat flour, soy flour, and sugar in convenient tablet form for use in military operations.

LEND-LEASE EXPORTS TO THE UNITED KINGDOM

Total lend-lease shipments to the United Kingdom in the third year of the lend-lease program amounted to \$4,329,000,000. Shipments of munitions were two and three-quarter times the total in the second year of the lend-lease program, while shipments of industrial and agricultural products were up 47 percent.

Lend-lease and reverse lend-lease aid have been key factors in transforming the United Kingdom into a powerful arsenal and an advance invasion base. Without lend-lease or reverse lend-lease, it would not have been possible to achieve the striking power necessary for the great bombing raids by the British and American air forces and for the coming amphibious invasions of the Continent. The production of aircraft and other vital war supplies in the United Kingdom, and the daily sustenance of the British Army and war workers, have depended upon lend-lease supplies of industrial materials and agricultural products. In turn, our forces in the United Kingdom have received under reverse lend-lease and without payment, in addition to the use of barracks, airports, and other military facilities, one-third of all their current requirements for military supplies and equipment and one-fifth of their food from supplies produced locally or imported from the Dominions and colonies.

In the lend-lease budget for the fiscal year 1945,¹ we are requesting funds for the shipping necessary to maintain the bridge of ships over which the invasion of the Continent must be largely supplied. We are also requesting funds for the furnishing of supplies and provisions to British cargo vessels and tankers in United States ports and for their repair. Under reverse lend-lease, hundreds of American ships have been similarly serviced and repaired in British ports.

Lend-lease industrial materials and equipment have enabled Britain to make the fullest use of its great war production capacity. Britain is presently producing an enormous volume of weapons and war supplies, not only for her own forces but also for the forces of the United States, the Soviet Union, and other United Nations. However, Britain, like the United States, is now tooled up for war production at practically maximum capacity. In recognition of this situation, the determination was made that beginning November 15, 1943, machine tools and industrial equipment would in general no longer be supplied Great Britain under lend-lease. These items are now purchased by Britain for cash.

To keep British war factories operating at maximum capacity, the 1945 lend-lease program includes such raw materials as iron and steel to supplement Britain's own production, magnesium for the manufacture of aircraft, and silver for aircraft fuselages and for the armaments and ship construction industries.

The bulk of the United Kingdom's requirements for tires and tubes is produced within the British Empire. Synthetic rubber will be required to utilize Britain's tire-manufacturing facilities, which are presently turning out large airplane tires for the United States Army Air Forces as well as for the R. A. F. Funds are also requested for tires and tubes for combat vehicles and essential war transport to supplement British production. The rationing of tires for civilian use in Britain is much more severe than in the United States, since no nonessential driving is permitted and the number of passenger cars in operation is 80 percent less than it was in 1940.

For the R. A. F., the British Ground Forces, and British war factories we are sending to the United Kingdom large quantities of aviation and motor gasoline, oils, and lubricants. Three-fourths of the total shipments of petroleum products consist of aviation and motor gasoline, and all of the petroleum products are for military and other essential war uses.

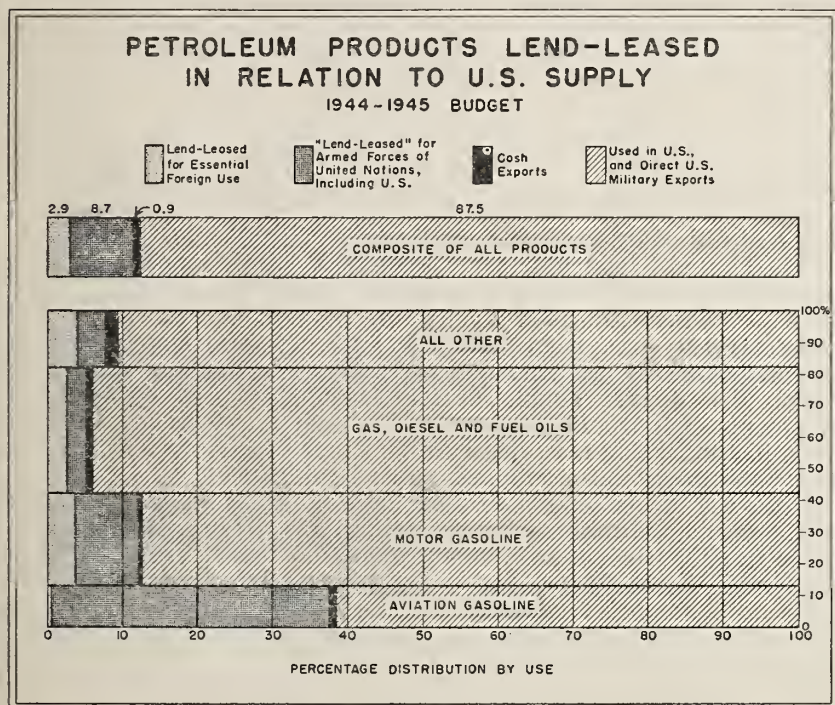


CHART 7

Mr. JURAN. This chart, which is in the binder, shows the disposition of the crude petroleum production of the United States. The blocks, first of all, are divided as to what happens to the United States crude; that is, roughly 12 percent is used for making aviation gasoline; another 30 percent is used for motor gasoline. This large block is used to make gas, Diesel, and fuel oils, and a variety of things are made with the remainder.

Horizontally, the chart shows the distribution of those products. Of the aviation gasoline, this first block represents the item for essential civilian use in lend-lease countries.

The next block shows the amount sent to the armed forces of the United Nations, including the armed forces of the United States.

The next block represents the cash exports and the remaining block shows the amount used by our civilians and by our armed forces in the United States.

Now, we prepared here a composite of all these reduced to one set of figures. The distribution is to the effect that 2.9 percent of our petroleum production is transferred under lend-lease for essential foreign use, 8.7 percent goes to the armed forces of the United Nations, and our own forces abroad, 0.9 percent is for cash export, and the remainder, 87.5 percent, is used in the United States.

Mr. CROWLEY. United States air, ground, and naval forces in the United Kingdom use a large share of the petroleum products exported to the United Kingdom under lend-lease. Additional large quantities are supplied to our armed forces in the Mediterranean, Indian Ocean, and South Pacific theaters under reverse lend-lease from British oil resources in the Middle East. The use of lend-lease petroleum products by our allies will take less than 6 percent of United States production of petroleum products during the coming year, a far smaller percentage than our pre-war commercial exports. All petroleum products which the United States armed forces are receiving from British-controlled refineries throughout the world are being furnished by the British under reverse lend-lease.

The United Kingdom depends upon lend-lease shipments for about 10 percent of its total food supplies. Lend-lease supplies include high protein-content food such as evaporated and powdered milk, cheese, dried eggs, meat, and fish. We are also supplying army biscuits, corn, soy products, and vegetables in canned and dehydrated form. The British supply of fats is supplemented by lend-lease shipments of lard and margarine. To meet the deficiencies of vitamins in the British diet, dried fruits, canned fruits, and fruit juices, and vitamins are also supplied under lend-lease.

With the aid of lend-lease seeds and relatively small amounts of lend-lease agricultural equipment and fertilizer, Britain has been able, by cultivating parks, lawns, and playing fields, to increase her domestic food production by 70 percent over pre-war levels. Without this lend-lease aid, it would have been impossible for the British to supply one-fifth of the food requirements of the large contingent of American troops stationed in the United Kingdom. The more food that can be produced locally in the United Kingdom, the less the drain upon our own food supply and the less the strain upon our shipping facilities. Shipments of farm machinery and fertilizer are kept at the absolute minimum necessary to produce the food essential for our joint war effort.

LEND-LEASE EXPORTS TO AFRICA AND THE MIDDLE EAST

Lend-lease exports to this area during the third year of the lend-lease program totaled \$1,557,000,000; 75 percent of these exports consisted of planes, tanks, and other finished munitions used to help arm British, Australian, French, Greek, Indian, New Zealand, Polish, and

Yugoslavian forces which are fighting side by side with us in Italy. The balance of the exports, or \$381,000,000, consisted of industrial and agricultural supplies essential to the support of our military operations.

French North and West Africa are the supply bases for the United Nations offenses in Italy and Yugoslavia and for the United Nations Mediterranean Air Forces. With the assistance of lend-lease seeds and fertilizer and a small amount of farm equipment, agriculture is being rapidly revived in these areas, which before the war were important exporters of food to southern Europe. Substantial amounts of foodstuffs, especially cereals and fresh vegetables, have been furnished to our armed forces in the Mediterranean area under reverse lend-lease.

Transportation and port facilities, public utilities, and local industries in French North and West Africa, damaged by the Nazis before their expulsion, have been heavily overtaxed by military operations and the necessity of maintaining the flow of supplies to the United Nations armed forces. For their effective operation we are requesting funds for a minimum quantity of trucks, automotive replacement parts and road-building equipment, iron and steel, small tools, generating equipment, and industrial chemicals. Lend-lease and reverse lend-lease aid in French North and West Africa are furnished under an agreement between the United States and the French Committee of National Liberation. Under this agreement we furnish military aid on a lend-lease basis and essential civilian supplies for cash. In addition, the French under reverse lend-lease make available to our armed forces munitions and other war supplies and furnish us with strategic and critical materials needed in our war production which were formerly purchased for cash.

All shipments of essential civilian supplies to the Middle East have been imported under the control of the Middle East Supply Center and then distributed according to the priorities of need among the various countries. The Middle East Supply Center is a joint American-British organization designed to make this vital and strategic area as self-sufficient as possible by encouraging local production and trade. By far the greater part of the essential civilian supplies imported from the United States have moved through commercial channels and from time to time additional items are placed in commercial channels. The lend-lease machinery is used only where dictated by supply or distribution controls necessary for the effective prosecution of the war. Essential civilian supplies procured under lend-lease for the Middle East countries are also currently being paid for in cash.

The lend-lease program for the Middle East includes a small amount of trucks, automotive replacement parts, and tires and tubes for use on the overland supply route from the Persian Gulf to the U. S. S. R. and in other essential transport. The program also includes lubricating oils of which there is no local supply, small quantities of iron and steel, and essential civilian drugs and health supplies.

LEND-LEASE EXPORTS TO CHINA AND INDIA

The controlling factor in getting aid to China is transportation. In the past year great progress has been made in increasing the volume of goods flown by plane from India into China over mountains which are several miles high. In December 1943, more cargo went

into China than in all of 1942 and the volume of freight moved by air is constantly increasing. The planes carry everything from guns to trucks, some of them for the forces of General Chennault, some for Chinese forces and arsenals. Other supplies have been stock-piled in India for use in equipping and training Chinese troops and for transportation into China as soon as land routes are opened up.

One of China's major problems is inland transportation. Our appropriation request includes funds for trucks, automotive supplies, motorcycles, bicycles, and railway materials. It includes also tires and tubes for trucks and combat vehicles, and aviation and motor gasolines and lubricants for military use and the production of munitions. For Chinese arsenals and war factories, we are requesting funds for chemicals, ferro-alloys, copper and brass, and industrial machinery and equipment. Among the most vitally needed lend-lease items are drugs and health supplies which are also provided for in the lend-lease program.

Lend-lease exports to India during the third year of the lend-lease program totaled \$559,416,000. Of this amount, munitions constituted 60 percent and industrial and agricultural products constituted 40 percent.

Our lend-lease policy toward India has been determined by the importance of India's strategic position as a major supply center for the war against Japan. India is a great United Nations arsenal producing small arms and small arms munitions, bombs, torpedoes, armored cars, ordnance carriers, machine guns, artillery, ammunition, and other military items. India is also a major source of strategic materials essential to the war effort of the United States. These materials include jute, which is essential to the production of burlap, mica for radio equipment, and manganese, shellac, talc, beryl, and kyanite. Finally, India is also the terminal of the important air supply line into China.

Our appropriation request includes funds for small tools, bearings, bolts, nuts, and screws, and raw materials such as iron and steel and chemicals for the output of munitions. India is currently paying cash for all of its machine tools and capital equipment obtained in this country.

LEND-LEASE EXPORTS TO AUSTRALIA AND NEW ZEALAND

Lend-lease exports to Australia and New Zealand in the third year of the lend-lease program amounted to \$505,826,000. Over half of these exports have been munitions. Most of the balance consisted of war production materials and agricultural supplies to enable the two Dominions to turn out increased quantities of munitions, foodstuffs and other essential supplies for use by the United Nations forces in the South and Southwest Pacific.

Australia and New Zealand are presently furnishing us with approximately as much reverse lend-lease aid as we are supplying them under direct lend-lease.

In our appropriation request, there are included farm machinery, seeds and fertilizer for the production of agricultural products, tin plate for food canning, and paper for food wrapping. With the aid of these items, Australia and New Zealand will provide almost all of the food requirements of United States forces in the South and Southwest

Pacific. We are also providing under lend-lease trucks, automotive supplies, and road-building equipment to ease the burden placed on the overland transportation facilities by the expanded agricultural and industrial programs which the two Dominions have undertaken to help feed and equip the large numbers of United Nations troops in those areas.

The budget also includes provision for aviation and motor gasoline and lubricants for military use, war transportation and essential production. These products supplement shipments of petroleum products from the Middle East refineries. A high percentage of the total quantity of lend-lease petroleum products will be supplied for the use of United States armed forces in the South and Southwest Pacific.

LEND-LEASE EXPORTS TO GOVERNMENTS IN EXILE

In the past, we have provided Red Cross food parcels for Yugoslavian and Polish soldiers held as prisoners of war in Germany and provision is made in the Budget to continue this practice. These packages are provided at the rate of one a month per prisoner and distribution is effected by the International Red Cross under controls aimed at insuring that the packages reach their ultimate destination.

Pending the liberation of Europe, the United States, through lend-lease, has joined with Canada in preliminary measures to relieve the starving population of Greece. Because of the fact that the Greek economy can contribute little to the German war machine, the Nazis have starved the people of Greece in a most brutal fashion. Under our arrangements, which have been carefully worked out so as to assure that the Nazis will get no possible benefit from the food which we are providing, Canada is furnishing substantial quantities of wheat, and we are providing dried peas and beans, fish, dehydrated soup, evaporated milk. These articles are being distributed in Greece under the supervision of the Swedish Red Cross. For the armed forces of the Netherlands we are requesting funds for small quantities of foodstuffs and other supplies.

LEND-LEASE EXPORTS TO LATIN AMERICA

In view of the fact that there has been so much misstatement and exaggeration and misunderstanding regarding lend-lease in Latin America, I should like to make clear what is the real nature of this program. In contrast to the extravagant figures which are sometimes mentioned, the total value of lend-lease goods which we have sent to the Latin-American republics since the passage of the Lend-Lease Act is \$135,858,000. All of this aid has been directly military in character or destined for military end use. It has consisted of finished munitions or articles and materials for the production of munitions. Supplies for civilian uses have not been included in any lend-lease program for any Latin-American country.

Our appropriation request includes funds for miscellaneous machinery and equipment, machine tools, metals and alloys, and chemicals for use in Latin-American arsenals for the production of munitions.

LEND-LEASE EXPORTS TO LIBERATED AREAS

The provision of essential civilian supplies for liberated areas during the invasion period is primarily a military problem but the Foreign Economic Administration has been working with the military authorities in developing requirement programs for this purpose. In order to explain fully to the committee the manner in which civilian supplies will be provided to liberated populations during the military period and the relation of this operation to the activities of U. N. R. R. A., a joint statement has been prepared on behalf of the War Department, the State Department, and the Foreign Economic Administration. I should be glad to furnish the committee with a copy of this statement and to discuss the problem during the course of these hearings, and it is my understanding that this matter will be gone into by the War Department with the Military Subcommittee of the Appropriations Committee in connection with the War Department appropriation.

ADMINISTRATIVE EXPENSES OF LEND-LEASE PROCUREMENT AGENCIES

The appropriation bill which we are now presenting provides for \$9,461,000 to cover the administrative expenses of the Procurement Division of the Treasury Department and the Department of Agriculture to be incurred in carrying out the lend-lease program during the fiscal year 1945. The representatives of those Departments will be available to the committee to discuss their activities if the committee wishes. The administrative expenses of the Foreign Economic Administration in connection with lend-lease are not included in category 10. Since the consolidation of the various constituent agencies into the Foreign Economic Administration, we have endeavored so far as possible to integrate the operation of lend-lease with the other aspects of our foreign economic policies such as the foreign procurement program and our foreign economic warfare activities. For that reason, we have not created a separate unit in the Foreign Economic Administration to handle lend-lease matters, and we have, therefor, included the administrative expenses of the Foreign Economic Administration in connection with lend-lease as a part of the general administrative expenses of the Administration which we shall discuss with the committee in connection with the second part of the bill which is now before you.

CONCLUSION OF GENERAL STATEMENT

I should not feel that I were fulfilling my duty as a public servant if I were not mindful of the taxes which must be paid by the people of this country to defray the enormous cost of this war. I have sought to make their lend-lease dollars do as much as money can do to win the war. This lend-lease budget request represents the minimum amount which I can conscientiously say will be adequate to carry out the lend-lease part of our war program. The budget as it stands includes only what is absolutely essential for the conduct of the war and I hope that in our efforts at economy we shall not be left short of the funds necessary to enable our allies to fight with us

with the greatest of vigor so that the war may be brought to a speedy and successful conclusion.

Although this appropriation will not include funds for airplanes or bombs or other finished munitions, it provides for the raw materials and equipment which are needed by our allies to make the actual weapons of war. The lend-lease appropriation will be used to fill the critical deficit in the war economies of our allies. Most of what they produce is from their own resources but we enable them through lend-lease to use what they have in the most effective manner. By sending them alloys, for example, we enable them to use their own iron to make steel. By sending them tools, we enable them to use this steel to make tanks and guns. If we did not send alloys and tools we should have to send more tanks and guns. Thus, the pooling of United Nations resources is not only most efficient but in many cases most economical to the United States in manpower, material, and money. Whatever the arsenals of Britain or Russia or our other allies can produce relieves to that extent the strain upon our own resources and manpower in the United States.

The victory which the United Nations will finally and certainly achieve will be a victory brought about by the combined efforts of free people. Hitler's satellites are bound to him by fear, each doing as little as possible and seeking desperately to get out of the war. The United Nations, freely and equally associated in the conviction that freedom is their most precious possession, are each contributing in full measure to victory and to the elimination of Axis aggression and tyranny.

ESTIMATED REQUIREMENTS FOR LEND-LEASE FUNDS FOR 1945

The CHAIRMAN. Turning to the document, fifth lend-lease appropriation, which the members of the committee will find before them, as shown in table B, estimated requirements for lend-lease funds for 1945 are \$7,188,893,000, and we will insert table B in the record at this point.

(The table referred to is as follows:)

TABLE B.—*Estimate of total fund requirements for fiscal year 1945*

[In thousands of dollars]

Appropriation category	Estimates for goods and services	Estimates for procurement and administrative expenses	Estimates for commitments and revolving funds	Total fund requirements
1. Ordnance and ordnance stores.....				
2. Aircraft and aeronautical material.....				
3. Tanks and other vehicles.....	\$79,880			\$79,880
4. Vessels and other watercraft.....	1,033,310			1,033,310
5. Miscellaneous military equipment.....				
6. Production facilities in United States.....				
7. Agricultural and industrial commodities.....	5,316,955	\$9,461	\$531,000	5,857,416
8. Servicing and repair of ships, etc.....	129,600			129,600
9. Services and expenses.....	48,990	412	35,000	84,402
10. Administrative expenses.....		4,285		4,285
Total.....	6,608,735	14,158	566,000	7,188,893

The CHAIRMAN. Then, on the first page, table A, you will notice that of this amount, this \$7,188,893,000, as shown on the second page, table B, you expect to finance the sum of \$3,650,024,000, as shown on table A, which you anticipate will be unobligated on June 30, 1944.

We will place table A in the record at this point.

(The table referred to is as follows:)

TABLE A.—*Estimate of funds unobligated at June 30, 1944*

[In thousands of dollars]

Appropriation category	Cumulative congressional appropriation	Adjusted appropriation at Feb. 29, 1944	Estimated obligations at June 30, 1944	Estimated unobligated balance at June 30, 1944
1. Ordnance and ordnance stores.....	2,533,000	1,692,306	1,466,710	225,596
2. Aircraft and aeronautical material.....	2,739,000	2,629,625	2,472,567	157,058
3. Tanks and other vehicles.....	876,015	739,273	669,479	69,794
4. Vessels and other watercraft.....	3,766,079	3,871,703	3,135,404	736,299
5. Miscellaneous military equipment.....	415,000	354,288	278,867	75,421
6. Production facilities in United States.....	1,238,450	1,154,688	1,095,878	58,810
7. Agricultural and industrial commodities.....	11,244,738	12,608,929	10,874,980	1,733,949
8. Servicing and repair of ships, etc.....	842,348	790,818	622,516	168,302
9. Services and expenses.....	1,000,000	800,000	375,281	424,719
10. Administrative expenses.....	28,999	28,999	28,923	76
Total.....	24,683,629	24,670,629	21,020,605	3,650,024

The CHAIRMAN. Then, turning to table C, you also expect to have special fund receipts of \$88,299,000, and you ask to transfer and redistribute the carry-over balance, leaving a net new request of \$3,450,570,000.

We will insert table C in the record at this point.

(The table referred to is as follows:)

TABLE C.—*Statement of new appropriations requested*

[In thousands of dollars]

Appropriation category	Estimated unobligated balance at June 30, 1944		Estimated requirements, fiscal year 1945	Estimated new appropriations required
	Before transfer	After transfer		
1. Ordnance and ordnance stores.....	225,596	-----	-----	-----
2. Aircraft and aeronautical material.....	157,058	-----	-----	-----
3. Tanks and other vehicles.....	69,794	79,880	79,880	-----
4. Vessels and other watercraft.....	736,299	1,033,310	1,033,310	-----
5. Miscellaneous military equipment.....	75,421	-----	-----	-----
6. Production facilities in United States.....	58,810	-----	-----	-----
7. Agricultural and industrial commodities.....	1,733,949	2,411,055	5,857,416	3,446,361
8. Servicing and repair of ships, etc.....	168,302	129,600	129,600	-----
9. Services and expenses.....	424,719	84,402	84,402	-----
10. Administrative expenses.....	76	76	4,285	4,209
Subtotal.....	3,650,024	3,738,323	7,188,893	3,450,570
Special fund receipts.....	88,299	-----	-----	-----
Total.....	3,738,323	3,738,323	7,188,893	3,450,570

The CHAIRMAN. In other words, you have three sources of funds for 1945 which go to make up your request of \$7,188,893,000: The \$3,650,024,000 estimated unobligated balance of present funds that will exist on June 30, 1944; \$88,299,000, special fund receipts; and \$3,450,570,000, new funds requested, making the total of \$7,188,893,000.

Your direct appropriation for lend-lease made for this fiscal year is \$6,273,629,000, so the new appropriation of \$3,450,570,000 represents a reduction of \$2,823,059,000 when comparing the new funds for the 2 years.

BASIS FOR ESTIMATE

I think the committee would be interested in knowing how you reached the estimate of \$7,188,893,000; whether it was done on the basis of requirements for the fiscal year as submitted by the countries to which it went, or whether it was done on the basis of what we were able to provide, or whether it was both. Suppose you explain your procedure and tell us how that figure was arrived at.

Mr. Cox. The usual procedure is for the foreign countries to submit their requirements. Those requirements are reviewed in the first instance by the Foreign Economic Administration in terms of major policy in the light of information received from our representatives abroad. On the basis of this review a tentative judgment is formed as to the need for the articles or materials requested in the prosecution of the war and also as to the availability of the articles or materials in relationship to the needs of our own armed forces and civilian requirements. The requirements are then presented to the United States allocating agencies, as, for example, the War Food Administration in the case of food, and the War Shipping Administration in the case of shipping, and so forth.

After that second review the requirements are revised again in relationship both to availability of supplies and availability of shipping.

The final decisions which are reflected in these sheets are the reduced amounts required for financing these war supplies after all the various reviews have been completed.

RELATIONSHIP BETWEEN ALLOCATIONS, OBLIGATIONS, AND EXPENDITURES

The CHAIRMAN. I see from your table submitted in the binder under the tabulation for appropriations and obligations, your total direct appropriations for lend-lease after adjustment have amounted to \$24,670,629,000. Of that you have allocated \$22,563,627,000, leaving an unallocated balance in your fund of \$2,106,000,000 as of February 29. At the rate of allocations shown on the next sheet by months you seem to have allocated \$3,318,000,000 in the 8 months of this fiscal year.

For instance, in January 1944 you allocated the largest amount of \$1,397,000,000. That was in cash. Do you believe that the remaining unallocated amount of \$2,106,000,000 will be allocated by June 30 next?

Mr. Cox. It may be, but I think the more significant figure is the rate of obligations rather than allocations. In making up the gross and net amounts requested, we examined the past history of obligations and made a prediction as to how much would be unobligated of the already appropriated funds as of June 30. The amount requested in the new appropriation is the net amount after subtracting from the gross amount, what we feel is likely to be unobligated as of June 30, 1944.

The CHAIRMAN. You estimate an unobligated balance on June 30 of \$3,650,024,000. How much of that will represent funds that have already been allocated?

Mr. COX. That will presumably all have been allocated by June 30.

The CHAIRMAN. All have been allocated?

Mr. COX. Yes. It assumes that the funds will have been allocated but not obligated.

The CHAIRMAN. How much of the \$7,188,893,000 which you estimate you will need for 1945 will be available for new allocations and how much of it is for allocations that have already been made?

Mr. COX. I would say that a considerable part of it would be for new allocations, but there will be some allocations that either have been made or are likely to be made between now and July 1.

The CHAIRMAN. How much would you estimate would be for allocations which have already been made at this time?

Mr. JURAN. With the exception of roughly \$600,000,000 in revolving funds, which may or may not be completely obligated, the residue will presumably all be obligated during the coming fiscal year.

The CHAIRMAN. What is the lag in point of time between the making of allocations and the incurring of the obligations under the allocations?

Mr. COX. The more significant lag is, I think, between obligations and expenditures. That varies from contract to contract depending upon what you are buying. If you are buying articles that can be taken off the shelf, then the lag between the obligation and the expenditure is very short; in other words, the money is expended quickly. If it is something that takes 8 or 9 months to produce and progress payments roughly parallel the production, then the expenditures may not be made for 8 or 9 months after the obligation is incurred.

The CHAIRMAN. What would you say would be the average?

Mr. COX. I do not know what the statistical average would be.

Mr. JURAN. Between 4 and 6 months.

The CHAIRMAN. What would you say would be the lag in point of time between the making of obligations and the actual transfer of lend-lease articles?

Mr. COX. It would also vary.

The CHAIRMAN. What would that average?

Mr. COX. I should estimate about 5 months.

The CHAIRMAN. On the basis of obligations actually incurred you have obligated, to the end of February, a total of \$18,735,927,000 out of the grand total available of \$24,670,629,000, leaving an unobligated balance on that date, February 29 last, of \$5,934,702,000. In the first 8 months of this fiscal year you have obligated a total of \$3,646,000,000, or at the rate of \$456,000,000 a month. At this same rate for the last 4 months of 1944 you would obligate \$1,824,000,000 more, and, deducting this from your unobligated balance of \$5,934,702,000 on February 29 would leave you unobligated on June 30, \$4,110,000,000 instead of \$3,650,000,000 you figure, or a difference of about \$460,000,000.

Mr. COX. You assumed the rate of obligations for the 8 months ended February 29. That is not the rate that we assumed in making our estimates.

The CHAIRMAN. Have you reason to believe that for the last 4 months the rate of expenditure per month would be higher than it has been for the last 8 months—the obligations?

Mr. Cox. Yes.

Mr. JURAN. One evidence of that is that the obligations in February were for \$668,000,000 and the obligations during March were \$570,000,000.

The CHAIRMAN. Do you have the figure for the March obligations?

Mr. JURAN. \$570,000,000.

The CHAIRMAN. What is the trend for April? Do you know what that would be?

Mr. JURAN. In the neighborhood of \$550,000,000, to the extent that we have information. The full information for April will not be available until after the 20th of May.

The CHAIRMAN. Generally speaking, do you expect it to be higher or lower than for March?

Mr. JURAN. I think that it is difficult to compare it with specific months because the accounting procedure sometimes creates dislocations. We do expect that for the last 3 months of this fiscal year we will have a higher average rate of obligations than for the previous 9 months. One of the main reasons for that is that a number of projects which the military people are endeavoring to conclude during the current fiscal year will be cleaned up. They have so advised us.

UNOBLIGATED BALANCE AS OF JUNE 30, 1944

The CHAIRMAN. With reference to this unobligated balance which you say you anticipate on June 30, what has caused that balance? It is about \$4,000,000,000, is it not?

Mr. Cox. \$3,650,000,000.

The CHAIRMAN. What is the source of that balance? Do you have it on hand?

Mr. Cox. The War and Navy Departments had on hand, at May 1, 1943, substantial allocations from funds appropriated to the President. They estimated that they would obligate \$689,000,000 of these funds before June 30, 1944. Much of this was obligated. However, the reduction in existing obligations arising from the cancellation of certain military contracts, and from reduction, savings and renegotiations in others, will exceed actual obligations by about \$308,000,000. This accounts for about \$1,000,000,000 of the unobligated balance.

Furthermore, it has not been found necessary to use the \$500,000,000 fund, originally appropriated in October 1941 and continued in each succeeding appropriation to provide assurances to farmers to encourage the stepping up of production.

Moreover the unobligated balance results from the fact that by carefully reexamining all requirements we were able to reduce our expenditures. In addition to the screening and review that takes place when we make up our annual budget, before anything is put into procurement the requirement is again reviewed; and it is reviewed not only when put into procurement, but again before transfer. It is our very definite policy that if the article or material is not vitally needed or cannot be made available at the right point at the right time we will not spend money for it.

ESTIMATES SUBMITTED BY LEND-LEASE ALLIES

The CHAIRMAN. Have these countries overestimated their need, or did we overestimate our ability to supply the need, or has the need declined?

Mr. Cox. I would say first of all that the countries have not overestimated their needs, nor, secondly, do I think we have fulfilled their needs. During the course of the war the needs are almost unlimited if nations are to have the power and ability to defeat the enemy.

The limitations on what we can send are primarily those of supply and transportation. There are not enough things that are available or that can be produced and shipped to meet the needs of our allies.

Clearly the two principal reasons why supplies were not made available in the contemplated amounts were, first, because they were not available in sufficient quantity, and, second, our ability to supply was limited by available transportation and shipping.

Articles in short supply like farm machinery are an illustration of the former point. China is an illustration of the latter point.

CRITICISMS RECEIVED REGARDING LARGE UNEXPENDED BALANCE

The CHAIRMAN. I have no criticism, and I think I speak the sentiments of the committee when I say that we have no criticism on this point, that you have shown us a gratifying balance at the end of the year. But you are aware of the fact that there have been criticisms, and there are criticisms about these large unexpended balances, as if they indicate some serious delinquency on our part.

As a matter of fact, if you look back now and see how far ahead we had to plan, and when you consider the great quantities, the unlimited quantities and the great variety of material that had to be supplied, it seems to me this record is most gratifying, and we are aware of the fact that the balance is in our favor instead of a deficit, and it is much better to have too much instead of too little. I think there is very material cause for gratification here.

I note that in June and December of 1943 and January of 1944 you have minus-sign allocations. Does that mean that in those months there were rescissions of allocations or in the balances in those minus months?

Mr. Cox. That means there was a return of an allocation by a procurement agency because the factors over the year had changed.

The CHAIRMAN. And you did not need to use as much as you had originally planned to use?

Mr. Cox. Either need or availability of supply had changed or an article could not be shipped. The allocation was therefore returned.

The CHAIRMAN. I note that there were very small allocations in May, November, and December in 1943. I take it that means there were rescissions in those months that left the small net amounts on hand?

Mr. Cox. That is right.

SPECIAL FUND RECEIPTS—PAYMENT ON ACCOUNT OF ARTICLES SUPPLIED BY LEND-LEASE COUNTRIES

The CHAIRMAN. You also have here an estimated amount of \$88,299,000 of special fund receipts to apply on your 1945 requirements. These are the amounts credited to your appropriation under section 6 (b) of the Lend-Lease Act?

Mr. Cox. Yes, sir.

The CHAIRMAN. Which provides that all money and property converted into money received from any governmental source shall revert to your appropriation?

Mr. Cox. That is right.

The CHAIRMAN. Does this \$88,299,000 represent money actually accrued as of this date, or to accrue by June 30 next, or is a part of it actual and part estimated?

Mr. Cox. That is all accrued as of March 31, 1944.

The CHAIRMAN. What is the source of these funds by countries, and in general what sort of articles or services are included?

Mr. Cox. The funds include a whole series of different types of things. The French, for example, pay in cash for civilian supplies made available under Lend-lease. That is one important source of the funds in the 6 (b) account.

(Discussion off the record.)

Mr. Cox. Another source of cash receipts is represented by proceeds from the sale of raw materials brought into the United States under reverse Lend-lease. Such materials are placed in war production by selling them to the American producer who pays cash.

The CHAIRMAN. I wonder if you can furnish a tabulated statement showing by countries the types of material and the types of service supplied?

Mr. Cox. We will be glad to give you that statement in the record. (The statement requested is as follows:)

Source of \$88,299,000 collected under sec. 6 (b) of the Lend-Lease Act as of Mar. 31, 1944¹

I. Payment on account for articles supplied to lend-lease countries and proceeds from sale of articles supplied by lend-lease countries:	
French North and West Africa.....	\$62, 275, 979. 04
United Kingdom.....	7, 062, 057. 25
Egypt.....	4, 655, 389. 31
Others.....	6, 383, 336. 03
Subtotal.....	80, 376, 761. 63
II. Proceeds from salvaged goods, insurance, etc.....	7, 922, 238. 37
Grand total.....	88, 299, 000. 00

¹ Advance payments for articles to be supplied to lend-lease countries not included.

SPECIAL FUND RECEIPTS IN 1945

The CHAIRMAN. In the estimate for the next fiscal year has any allowance been made for any sums of this nature that may be received during the fiscal year 1945?

Mr. Cox. No, sir.

The CHAIRMAN. Why not?

Mr. Cox. We thought it would be more realistic and conservative instead of trying to estimate these funds to withhold action on them until we knew what they actually were.

The Bureau of the Budget is the agency which must determine whether they revert to the lend-lease appropriation or are returned to the general funds of the Treasury. If next year at this time there are section 6 (b) funds available we expect to do the same as we are proposing to do now; that is, call the funds to the attention of the committee and suggest that any amount necessary be reappropriated, and the new money be reduced accordingly. Of course, if lend-lease is largely terminated, the moneys can be covered into the general fund of the Treasury.

The CHAIRMAN. What would you say would be a fair estimate?

Mr. Cox. I think it would be quite difficult to estimate the 6 (b) receipts for 1945. I should think that next year they would probably be at least equal to the 1944 amount, but I could not estimate with any degree of certainty as to what they would be.

The CHAIRMAN. If you will not use them they would be covered in?

Mr. Cox. They can be covered into the general fund of the Treasury if they are not needed for lend-lease purposes.

FUNDS FOR ORDNANCE, AIRCRAFT AND MISCELLANEOUS MILITARY EQUIPMENT

The CHAIRMAN. From table C on the third page I notice you request no additional funds for ordnance and ordnance stores, aircraft, miscellaneous military equipment, and production facilities in the United States.

This type of articles is furnished by the Army and Navy?

Mr. Cox. Yes; these articles are furnished out of direct appropriations to the Army and Navy.

The CHAIRMAN. How long has it been since these direct appropriations were made?

Mr. Cox. As I remember, the first War, Navy, and Maritime Commission appropriations with a lend-lease transfer provision were made shortly after Pearl Harbor.

The CHAIRMAN. You propose to distribute these balances of \$225,596,000 for ordnance, \$157,058,000 for aircraft, \$75,421,000 for miscellaneous military supplies, and \$58,810,000 for production facilities and add them to other categories to reduce the amount of the new appropriation?

Mr. Cox. That is right.

TRANSFER OF UNOBLIGATED FUNDS

The CHAIRMAN. Can you furnish for the record a statement showing the categories to which you propose to add these amounts and the sum to be transferred to each category?

Mr. Cox. Yes, sir.

(The statement requested is as follows:)

TRANSFERS OF UNOBLIGATED FUNDS BETWEEN APPROPRIATION CATEGORIES

The first column of the following table shows the estimated unobligated balances from prior appropriations at June 30, 1944. This estimate is based on the actual obligations through February 29, 1944, plus the estimates for the remaining 4 months of fiscal year 1944.

Statement of estimates of appropriations requested for fiscal year 1945

[In thousands of dollars]

Appropriation category	Estimated unobligated balance June 30, 1944 (before transfer)	Estimated unobligated balance June 30, 1944 (after transfer)	Estimated fund requirements, fiscal year 1945	Estimates of appropriations, fiscal year 1945
1. Ordnance and ordnance stores.....	\$225,596			
2. Aircraft and aeronautical material.....	157,058			
3. Tanks and other vehicles.....	69,794	\$79,880	\$79,880	
4. Vessels and other watercraft.....	736,299	1,033,310	1,033,310	
5. Miscellaneous military equipment.....	75,421			
6. Production facilities in United States.....	58,810			
7. Agricultural and industrial commodities.....	1,733,949	2,411,055	5,857,416	\$3,446,361
8. Servicing and repair of ships, etc.....	168,302	129,600	129,600	
9. Services and expenses.....	424,719	84,402	84,402	
10. Administrative expenses.....	76	76	4,285	4,209
Subtotal.....	3,650,024	3,738,323	7,188,893	3,450,570
Special fund receipts.....	88,299			
Total.....	3,738,323	3,738,323	7,188,893	3,450,570

The third column of the table shows the estimated fund requirements for the fiscal year 1945.

A comparison of the first column and the third column shows the extent to which the various appropriation categories have a surplus or a deficit in unobligated funds for the fiscal year 1945.

It is noted that in category 7, "Agricultural and industrial commodities," the estimated unobligated balance at June 30, 1944, is \$1,733,949,000, whereas the estimated requirements are \$5,857,416,000, leaving a deficit of over \$4,000,000,000. The other categories in which there is a deficit for the fiscal year 1945 are category 3, category 4, and category 10. The deficit in category 3 is the difference between the estimated requirements of \$79,880,000 and the unobligated balance of \$69,794,000. To make up this deficit, an amount of \$10,086,000 is to be transferred from category 9 to category 3, thereby raising the unobligated balance in category 3 to the amount of \$79,880,000, which equals the estimated requirements for the fiscal year 1945 and therefore eliminates the need for new appropriations in that category.

In like manner, the deficit in category 4 will be met by a transfer of \$297,011,000 from category 9 to category 4. This transfer will likewise eliminate the need for new appropriations in category 4.

In the case of category 10, there is no authority to transfer from other categories and, accordingly, the difference between the estimated requirements of \$4,285,000 and the unobligated balance of \$76,000 or \$4,209,000, must all be provided from new funds.

In the case of each of the remaining categories—1, 2, 5, 6, 8, and 9—the estimated unobligated balance at June 30, 1944, exceeds the estimated requirements for the fiscal year 1945. This excess of funds is transferred to category 7 (except for the aforementioned transfers to categories 3 and 4 from category 9). Such transfers to category 7, plus the transfer of \$88,299,000 in the special fund receipts account, bring the total in category 7 at June 30, 1944, to \$2,411,055,000. This amount when subtracted from the estimated requirements of \$5,857,416,000 leaves a difference of \$3,446,361,000 in category 7 to be financed by new appropriations.

RECORDS OF LEND-LEASE TRANSACTIONS

Mr. LUDLOW. The records of all lend-lease transactions are being kept faithfully, are they?

Mr. CROWLEY. Yes, sir.

Mr. LUDLOW. Is it possible in the great exigencies of the war to keep complete records?

Mr. CROWLEY. I do not think that the records can be kept as accurately as you keep a set of records of a going corporation in normal times. I think everything is being done to do it as carefully as possible.

Mr. LUDLOW. What would you say has been the total dollar amount of reverse lend-lease?

Mr. CROWLEY. About \$2,000,000,000 as of December 31. That is the last figure we have.

ASSISTANCE TO STARVING COUNTRIES

Mr. LUDLOW. I note on page 17 with respect to assistance to the governments in exile that special reference is made to the population of Greece, which I think is a very fine, humanitarian thing to do.

I wonder if you have thought of giving an extension of that to the other starving countries?

Mr. CROWLEY. We have given some thought to that. We have been working with the military authorities and with the State Department and other civilian agencies on that problem, Mr. Ludlow.

Mr. LUDLOW. Of course, I understand there has been some military objections to that because it was thought that it might get into the possession of Germany, but I note that in your very interesting description of the aid you are giving to Greece. I presume that has been safeguarded?

Mr. CROWLEY. As much as possible, through the blockade authorities and the Red Cross.

Mr. LUDLOW. Does not that lead to the thought that it might be safeguarded in regard to other countries where starving children might be given help.

Mr. CROWLEY. I think when we come before you on the U. N. R. R. A. appropriation we can discuss that more in detail.

POSSIBILITY OF TERMINATING LEND-LEASE

Mr. LUDLOW. I was going to ask you a question with respect to the liquidation of lend-lease. If the end of war should come, happily, much sooner than we expect, have plans been made to terminate lend-lease? If so, how could it be terminated and how long would it extend beyond the end of the emergency, or beyond the declaration of peace? Have you any thought about that?

Mr. CROWLEY. I do not think that question can be answered because we have no way of determining now when the war will end, Congressman.

My own thought about lend-lease is that it is strictly a war measure, and as soon as possible after the war is over lend-lease will be terminated.

LEND-LEASE AGREEMENTS

Mr. LUDLOW. Is there any master lend-lease agreement with all other countries?

Mr. CROWLEY. Yes, sir.

Mr. LUDLOW. Is it a standard master agreement, uniform in respect to all countries assisted by lend-lease?

Mr. Cox. It is uniform with most countries. The agreement with the French committee is somewhat different, however, from the agreements with the Soviet Union, the United Kingdom, and other countries. The difference in the case of the French agreement is that the French agreed to pay cash for civilian supplies. The Latin-American agreements also are distinct in that they provide for payment in cash of a percentage of the cost of the military equipment supplied.

Mr. LUDLOW. Are your agreements based on the hypothesis that the country assisted through the agreement will make a bona fide return, if possible, sometime, to this country?

Mr. Cox. Certain of the agreements are published as appendixes to the lend-lease reports. The master agreements provide, in substance:

First. That the country receiving lend-lease aid will utilize it for the prosecution of the war.

Second. That so far as it can supply reverse lend-lease aid it will do so.

Third. The United States reserves the right to recapture after the emergency any property or supplies transferred under lend-lease which have not been destroyed, consumed, or lost.

Fourth. The recipient government agrees to take such steps as the United States wants it to take in order to protect the rights of American patent holders.

Fifth. No lend-lease supplies can be transferred to any other person not an officer or an agent of the government receiving the goods without the consent of the Government of the United States.

Sixth. No final settlement will be made which burdens trade and commerce. In the final determination at the end of the emergency all benefits received in mutual aid will be taken into consideration. However, the agreements leave fluid what the final settlement will be.

Mr. LUDLOW. Is it your observation and belief that our allies are living up to their obligations in good faith?

Mr. Cox. Yes, sir.

Mr. RABAUT. Mr. Crowley, I want to take this occasion to say that I am pleased with your selection to fill the position you now have. Your devotion to the administration and to the war effort and to the agencies put under your charge speaks louder for you than anything I could say.

Mr. CROWLEY. I appreciate that.

Mr. RABAUT. I also want to say to you and to your department that the booklet that has been put out is very informative and it is timely, but I notice that it is marked "secret." But it does give a great deal of valuable information to the committee.

(Discussion off the record.)

INFORMATION AS TO ACTUAL DELIVERIES OF LEND-LEASE ARTICLES

Mr. TABER. Have we got any table anywhere indicating the deliveries to the Lend-Lease Administration of articles contracted for, by months, or anything of that character?

Mr. Cox. The way that works out, Mr. Taber, is that when an article is delivered by the procurement agency the foreign government signs a receipt for it. That occurs, in most cases, almost immediately after production is completed, with one exception, and that is where the articles are stored or warehoused.

Mr. TABER. I would like to have you prepare for us if you can, a table showing, month by month, deliveries to the Lend-Lease Administration under this appropriation of \$24,670,000,000, and also showing month by month, in parallel column with the other figures all shipments to beneficiaries under the Lend-Lease Act. Do you suppose you could do that?

Mr. Cox. We will certainly try.

Mr. TABER. Why can you not do that? You have that chart, No. 2. It is rather difficult for me to take it and figure the thing out, but if you had the basis of the chart that would show the deliveries to beneficiaries. Those are the figures you must have had to prepare the chart, and those figures would show deliveries, month by month; is not that true?

Mr. Cox. There is one type of item—

Mr. TABER. There is a service item.

Mr. Cox. I was not talking about that.

Mr. TABER. That you can show.

Mr. Cox. I was talking about certain supply items. Certain items are procured as common items under contract where you cannot determine whether they are War Department financed contracts or lend-lease financed contracts. It is not until an item is finished in production and the foreign government signs a receipt for it that you know that it is under lend-lease and has been charged to them.

We can give you the transfers to the foreign governments.

Mr. TABER. How can you ever tell what your obligations are under those circumstances when you do not know what you bought? How can you tell what your obligations are?

(Discussion off the record.)

Mr. TABER. You must know what you bought and what you paid for it.

Mr. Cox. We know that, but I can only tell you as to the direct appropriations to the President. We cannot tell you about the War Department appropriations.

Mr. TABER. I am not asking that. I am only asking as to the \$24,670,000,000 odd set-up. I have confined my question to that.

Mr. Cox. The obligations are in the book.

Mr. TABER. I want the deliveries to you and the deliveries from you.

I would like to have you tell us if you can about that; I did not seem to be able to find anything here covering that. I would like to know the inventories you have on hand where you have taken deliveries under your obligations and have not forwarded the purchases to lease-land beneficiaries.

You have not anything like that, have you?

Mr. Cox. No.

Mr. TABER. What can you tell us about all those inventories, what they consist of?

Mr. Cox. There are two types of cases. One is the inventory of food, for example, which I think the War Food Administration can tell you more about than I can, because some foodstuffs are in common stock piles.

The second type is the kind of article which is in storage and warehouses awaiting shipment. I am sure we can give you the detailed figures on that by amounts, types, and tonnage.

ITEMS HANDLED BY WAR AND NAVY DEPARTMENTS

Mr. TABER. You do not have any record of the deliveries under these appropriations where the articles are in the hands of the War Department or the Navy Department, do you?

Mr. Cox. We have records of the amounts transferred to the foreign governments. When they are transferred the foreign governments receipt for them. We have a complete record of everything that is turned over.

Mr. TABER. You do not have any record of inventories of machinery, for instance, or munitions, or anything of that character?

Mr. Cox. No, sir; not where the articles are purchased from War or Navy Department appropriations.

Mr. TABER. They have bought other things under that appropriation out of which they are permitted to transfer not exceeding a certain amount?

Mr. Cox. That is right.

Mr. TABER. Under the lend-lease statute?

Mr. Cox. That is right. As I understand it, they have tried in the main to buy common items because there is great efficiency in having standardization of military equipment.

As you gentlemen know, the Munitions Assignment Board recommends the type of material to be supplied, where a particular gun is going, and whether it is to be used by our own armed forces or by the Allies. I should think their inventory figures would have to apply to the total War Department and Navy Department supplies.

Mr. TABER. I do not know. All I know is that I have seen warehouses loaded with machinery under the custody of the War Department that was supposed to go out under lend-lease.

Mr. Cox. At first that may be—

Mr. TABER. That were supposed to be being stored for lend-lease. I do not know whether you would have a record of that, but they ought to have a record of anything of that character.

Mr. Cox. There are some cases where lend-lease supplies are stored in Army depots where we can get inventory information, where they are financed by direct appropriations. But we do not have what the Army has in inventory for lend-lease purposes under appropriations to the War Department and the Navy Department.

INVENTORY OF INDUSTRIAL ITEMS

Mr. TABER. Could you give us any picture of that? You told us that the War Food Administration ought to be able to give us the food supply inventories. Can you give us any information as

to the places we should go in trying to get into the inventory of the so-called industrial items?

Mr. Cox. I think we have that. We get that inventory information every month from the Procurement Division of the Treasury. I think we can give you a statement which gives the inventory position of the most recent months.

Mr. TABER. I would like to have that for the record if you could give it to us.

Mr. Cox. We will try to get that for you.

(The statement requested is as follows:)

Lend-lease inventories in storage and at port

	Jan. 31, 1944		Mar. 31, 1944	
	Quantity	Value	Quantity	Value
	<i>Short tons</i>		<i>Short tons</i>	
Ferrous metals ¹	427, 189	\$51, 297, 646	462, 678	\$56, 112, 976
Nonferrous metals ²	81, 900	30, 975, 747	90, 917	37, 232, 409
Miscellaneous ³	356, 011	133, 058, 059	205, 491	99, 797, 311
Total.....	865, 100	215, 331, 452	759, 086	193, 142, 696

¹ Ferrous metals include fabricated and semifabricated iron and steel products.

² Nonferrous metals include fabricated and semifabricated products of aluminum, copper and brass, ferroalloys, and other metals.

³ Miscellaneous includes industrial machinery and equipment, agricultural machinery, chemicals, lumber and lumber products, textiles, etc.

Mr. TABER. About how much altogether is our present inventory of all things purchased under the appropriation of \$24,670,000,000?

Mr. Cox. That is about a 2-months shipment of supplies under lend-lease, and it would be in the range of about a billion dollars.

Mr. TABER. That is all there is in that inventory?

Mr. Cox. Everything that goes under lend-lease.

Mr. TABER. That is everything that goes under that particular group of appropriations?

Mr. Cox. That is right, but I would like to check those figures and give them to you more accurately for the record.

NO DECREASE IN ALLOCATIONS EXPECTED IN 1945

Mr. TABER. You have set up a table that shows the monthly allocations and monthly obligations under a tabulation of appropriations and obligations.

Your total allocation there during the calendar year 1943 were approximately \$4,175,000,000. That is an average rate of allocation of about \$350,000,000 a month.

Mr. Cox. Part of that is the result of refunds of allocations which we had previously made to the War Department over the past year, which were not required for use by us.

Mr. TABER. You do not expect the allocations to be quite as burdensome in the coming year as they have been in the past, do you?

Mr. Cox. I think it will be the opposite. I should expect allocations to average considerably in excess of \$350,000,000 a month, because there will probably be no further cancelations of allocations. You will note that during some months of 1943 we showed a minus figure on our allocations.

Mr. TABER. That meant that certain things were not any longer required, and when they piled up they exceeded the things you figured were going to be required.

Mr. COX. That is right.

Mr. TABER. That is what that means.

ESTIMATED OBLIGATIONS FOR 1944

On the second sheet of that same tabulation it shows total appropriations of \$24,683,000,000. On this sheet I have in front of me, in reference to monthly obligations, it shows a total obligation against that of \$18,736,000,000, leaving a balance unobligated as of March 1, of \$5,943,000,000.

Your estimated balance of unobligated items as of July 1 is \$3,738,000,000, if I have it correct. Subtracting that it would leave \$2,209,000,000, indicating that over the last 4 months of this fiscal year you are anticipating obligations of \$552,000,000 a month.

Mr. COX. That is right. As a matter of fact, the amount in March was actually \$570,000,000.

Mr. TABER. You tell us your figure in April would run about 500 million?

Mr. COX. That is right.

Mr. TABER. You are not anticipating obligations of a larger size than that in the months to come in the next fiscal year?

Mr. COX. At approximately that level, depending, of course, upon the progress of the war.

NECESSITY OF PROVIDING FOR MORE THAN SIX MONTHS IN ADVANCE

Mr. TABER. On that basis your present unobligated balance, that is what you anticipate, will be available, would carry you through the 6 months, or perhaps a little more, almost 7 months.

Why is it necessary to provide for so far ahead in the nature of obligations? I would like to have you discuss that a little.

Why do we need to provide for more than 6 months ahead in this picture?

Mr. CROWLEY. You have a good many items shown—

Mr. TABER. In obligations where you have contracts that took awhile to get delivery I can understand that the contracts might need to run quite a while, but why do you need to have funds appropriated to take care of obligations for 6 months ahead?

Mr. COX. Because you have a good many items in the program that you have to contract for for later delivery.

Mr. TABER. But, Mr. COX, when you make a contract your money is all obligated, so that is all provided for; at least that is what I always understood about Government finance. Maybe I have been deceived as to the way it works, but that is what I have understood.

Mr. CROWLEY. Mr. Taber, do you not have to appropriate money for a year in advance, not knowing when the war will be over? Otherwise you would always have uncertainty as to what you could do for your allies.

You are asked to appropriate money here to be used from July 1 to June 30. If the war in Germany is over, and you shift the war

effort to Japan, perhaps in the tail end of the last 6 months expenses will go down. To keep the scope of lend-lease in suspense and then find it necessary to come back in 6 months for an additional appropriation would not increase the efficiency of lend-lease operations.

The CHAIRMAN. May I interpose one question there?

Is it not true, as a matter of fact, that some of these commodities, manufactured commodities, which require more than 6 months to fabricate, and, so far as foodstuffs are concerned, they must be bought at the harvest season, or at the season's close, if they are to be available for use?

Mr. Cox. That is right.

Mr. TABER. Your money that is obligated covers purchases ahead. You have approximately, as I get it, now about 4 months of obligations outstanding at one time.

We do not do that under any other governmental expenditure at this time.

Let us get a picture of what the situation actually is.

Right at this time they have funds available and appropriated to pay the Army through the month of June. Nobody is worrying about the fact that Congress is not going to provide money to pay them after the 1st of July.

If I remember correctly—and I may be wrong about it—the naval appropriations bill has not yet been signed, has not gone through Congress. There is no money yet provided for after the 1st of July.

Mr. CROWLEY. But you will not appropriate for the Army and Navy for only 6 months. You are going to give them an appropriation for a year.

Mr. TABER. On the other hand, with this set-up we have been asked to appropriate money that has resulted in a backlog of enough to carry the thing along for 6 months after the end of the fiscal year.

In other words, we appropriated enough the last time so that instead of just taking care of the requirements for your obligations for the fiscal year 1944, we provided enough to take care of that and have \$3,738,000,000 left over.

The question is whether we should treat this item so much different than we do anything else.

The CHAIRMAN. May I interrupt right there for a moment?

These are different from anything else; these expenditures and these projects are different from all other Government projects, because we do not know when the war will end. We know in connection with other Government projects for which we appropriate when the period will expire. If we knew when the war would end we could cut out all these warehouses, and some of the pipe lines would not be necessary.

Mr. TABER. I do not think that is the answer.

Mr. RABAUT. I wonder why you do not change lend-lease and make it for a period of 6 months rather than extend it for a year? Why make an appropriation for 6 months but extend the program for a year?

There were only a few votes against the extension in the House. It is in the Senate now. That is the answer to it.

Mr. TABER. No; that is not the answer at all.

Mr. CROWLEY. The principle of lend-lease has been approved and appropriations have been made for it by your committee and the

Committee on Foreign Affairs, and both House have been furnished as complete statements as possible in reference to its operations.

I do not see how you can change the rules of this game in the middle of the game. You are proposing that we should have to hang on to a string until we get another appropriation, and that certainly would not help the war. It would not help the operations of lend-lease. It seems curious to me that because we have a balance left over that should act against us. Had we spent it all, you would be willing to give us, say, six or seven billion dollars?

Mr. TABER. Oh, no.

Mr. CROWLEY. When we come back with an unexpended balance we are penalized.

The CHAIRMAN. Also, much of this material going to other nations, such as munitions, is absolutely indispensable to the Allied war program. If we should provide for only 6 months there would be apprehension, and justifiable apprehension, on the part of our allies that we were not going to provide for them for the following 6 months. They have to know at least 6 months in advance what they can depend on.

Mr. TABER. I was wondering whether we are going to be adopting something along the line of having so much money available for these Government agencies that we will not have to appropriate any more. That is a very good way to keep them within bounds, to keep them thinking about whether they should spend the money or should not spend it, and I want to see them where they feel like there was a hand somewhere to hold them down, keep track of what they are doing.

I do not feel that we are doing the right thing by the war effort if we do not keep some such hand as that somewhere, because, if we do not, and encourage them to spend money on things that maybe we will not need we will not be able to get the things that we really do need in other places.

Now we have in the past followed the program of appropriating a lot more money than perhaps we should under strictly a war program.

Mr. CROWLEY. Let me say this: I do not think that any estimates that we have now for the next 6 months are a guaranty that these estimates may not run higher than we have estimated here. I do not think anyone can sit down and figure out what will happen, or know what the invasion will result in or what is going to happen in the Japanese war. I do not think we should be tied down to a 6 months' operation.

Mr. TABER. Well, that is something we have got to figure out as we get into the details, to see where we are.

Mr. Cox. In regard to the second question you raised, Mr. Taber, are there not two possible points; one is the pay of personnel, and the other is the financing of supplies. Supplies that are needed for the War Department, the Navy and lend-lease are all financed on a similar basis—that is, for a 1-year period.

But just how would you be able to contract into a 6 months' period and pay your bills if a 6 months' period of appropriations was adopted? The rate of obligations is a continuing thing. It would take, on an estimated basis now, probably, roughly, 6 months for the obligation of the funds which are to be reappropriated.

Mr. TABER. It takes over 6 months.

Mr. Cox. Yes.

Mr. TABER. Perhaps 6 or 7 months.

Mr. COX. What would you do at the end of the 6 months, or whatever period you select; how would you contract for anything more than some seasonal supply?

Mr. TABER. The \$550,000,000 a month is the estimate, according to what you told us a while ago; what you will have obligated.

Mr. COX. Yes.

Mr. TABER. For future delivery.

Mr. COX. That is right.

Mr. TABER. The authority then would not have anything to do with your long-term contracts, because they are all provided for in your other estimates.

Mr. COX. Except that if we assume the current rate of obligations it would mean at the end of 6 months we could not make a contract, we could not obligate for anything else.

Mr. TABER. You could not make any more contracts unless we gave you more money?

Mr. COX. That is right.

Mr. TABER. That is true.

Mr. RABAUT. And when would that be done?

Mr. COX. It would mean that the Army, the Navy, and the Maritime Commission, and everybody else would have to come up twice a year instead of once a year; it would mean making semi-annual appropriations.

Mr. TABER. Maybe that might be a good thing for everybody.

Mr. COX. I am not arguing that here.

Mr. RABAUT. When would Congress do it?

Mr. TABER. Well, we have done it before.

Mr. RABAUT. Do you think it would do it before election?

Mr. TABER. Probably not until after election.

Mr. RABAUT. How do you think we would ever get the appropriation through the Congress? We have got them through the House now and they are tied up in the Senate. There are only two bills through.

REPORT OF SENATE COMMITTEE

Mr. TABER. I have been looking over the statements that Senator McKellar put in the record yesterday. Did you make up that statement for him?

Mr. CROWLEY. That was gotten up by his staff, I understand, Mr. Taber. The Senator has a staff for that purpose.

The CHAIRMAN. An investigating staff?

Mr. CROWLEY. That is correct.

Mr. TABER. A lot of these total figures do not jibe at all with your report. That is the thing that disturbs me.

Mr. CROWLEY. I think we can explain those to you, Congressman Taber.

Mr. COX. They will check, I think, if you take the same dates.

Mr. TABER. Well, for instance, the aircraft expenditure, the delivery total is \$2,275,000,000, according to the report, the fourteenth report. That is the last one, is it not?

Mr. TABER. The figures in Senator McKellar's statement, I think on page 4083 of the record, were \$3,854,000,000. One figure ran to December 31 and the other to January 31.

Mr. COX. The McKellar figures are much later.

Mr. TABER. Yes. The McKellar figures are much later but the difference would be 50 percent.

Mr. COX. No.

Mr. TABER. It would be 50 percent larger.

Mr. COX. The McKellar figures refer to the actual transfers by the Government in this country. I think the figure you refer to in the report covers the actual exports, supplies that have been shipped to foreign countries.

DIFFERENCE BETWEEN TRANSFER AND EXPORT FIGURES

Mr. TABER. Then there is a big lag between deliveries and exports.

Mr. COX. There is a difference between the transfer and export figures. There are a number of factors involved including the fact that services such as the cost of constructing facilities in the United States are not included in exports. There is very little lag between deliveries and exports.

Mr. TABER. Between deliveries and exports from this country.

Mr. COX. That is right. The transfers to the foreign government may represent the receipt for a plane at Burbank, Calif., or some other central point but most deliveries and transfers take place at seaboard.

Mr. TABER. Let us get into that a little.

Mr. RABAUT. What is the reason?

Mr. COX. There are certain supplies which are procured for lend-lease which are turned over to foreign governments here in the United States and we receive a signed receipt for them. Those supplies are then recorded as having been transferred. They may have to wait for a ship to pick them up, and it may be a day or it may be a month before they are picked up.

The figures which are given in this report for exports reflect the goods which have actually cleared customs. Normally the figures for transfers are larger than the figures for export.

The fourteenth report gives the figures both ways.

Mr. TABER. Where does the lend-lease report show the deliveries to foreign governments for export?

Mr. COX. In the fourteenth report; on page 9, there is a chart showing transfers; on page 54 is a table showing the total lend-lease aid, including goods transferred and services rendered.

Mr. TABER. Page 54.

Mr. COX. Yes. That shows the aid in the form of transfers to foreign governments, and you will note the total figure of \$19,986,135,000 as of December 31, 1943. That includes services. The exports are shown in the table on page 57 as amounting to \$15,578,000,000. There is roughly a \$4,000,000,000 difference there which is largely due to the services rendered which are not reflected in the export figures shown on page 57, but is also due in part primarily to the leasing of ships in small part to the fact that there are goods which have been transferred in the United States but not yet exported.

Mr. WIGGLESWORTH. Your figures show 13.5 billion dollars and 10.8 billion.

Mr. COX. No.

Mr. WIGGLESWORTH. That is in the table in the folders if I read them right?

Mr. Cox. On exports?

Mr. WIGGLESWORTH. Transfers and exports; transfers and services rendered under lend-lease. You have a tab showing 13.5 billion dollars.

Mr. Cox. That is just for 1 month—that is \$1,350,000,000.

Mr. WIGGLESWORTH. Where is the quantitative figure?

Mr. Cox. On page 54 is a table showing total lend-lease aid.

Mr. TABER. According to what I understand there is a lag between delivery and the export of about \$2,000,000,000.

Mr. Cox. As of what date?

Mr. TABER. As of the 1st of January.

Mr. Cox. Most of the difference is due to services.

Mr. TABER. You have on page 54 of the report \$17,463,000,000 of deliveries, and on page 56 you have \$15,578,000,000 of exports.

Mr. Cox. That is right.

Mr. TABER. That would mean \$1,850,000,000 lag?

Mr. Cox. I believe the report explains this difference.

Mr. TABER. Why would there be any such lag as that? That means that there are rather large inventories here all of the time; that means we are keeping about 1.8 billion to 1.9 billion all the time, that we are not really delivering to beneficiaries, and in addition there is a couple of months of production that is in the hands of the Lend-Lease Administration.

Mr. Cox. Oh, no; that does not follow. There is a note at the bottom of page 56 which I think will make that a little easier to understand.

Mr. RABAUT. Suppose you read that into the record.

Mr. Cox (reading:)

The value of goods transferred under lend-lease exceeds the value of lend-lease exports. Most of this difference is accounted for by the value of ships transferred and which leave this country under their own power, and consequently are not reported as exports. Other factors accounting for the difference include articles transferred to foreign countries and used in the United States, such as trainer planes for the instruction of United Nations pilots; materials transferred but not yet exported, and goods purchased outside the United States and sent directly to lend-lease countries.

Mr. TABER. Now, does that \$1,900,000,000, approximately, include all of the inventories that exist in connection therewith in this country?

Mr. Cox. That difference between the value of goods transferred to December 31, 1943, and the value of goods exported under lend-lease in the same period, amounting to approximately \$1,900,000,000, does not represent inventories. It represents the excess of reported transfers over reported exports. All of the goods reported as transferred have been delivered to lend-lease countries and virtually all of them have been exported or else used in this country by the governments of lend-lease countries. Most of the difference is accounted for by the value of ships which are leased for the duration under lend-lease. These ships are included in our transfers but are not reported by the United States Department of Commerce as exports.

A second reason for the difference, as I mentioned a minute ago, is the transfer of articles under lend-lease which are used in this country, such as trainer planes for the instruction of pilots of other United Nations. A third reason for the difference is the value of articles purchased outside of the United States and shipped directly

to lend-lease countries, such as sugar from Cuba. The value of such articles is included in our transfer statistics but is not included in exports from the United States. In addition there may be involved a reporting factor since the lag in reporting may differ as between transfers and reports and from commodity to commodity.

I would like to make it clear that the difference between transfers and exports does not represent the value of lend-lease inventories in the United States. A statement of inventories would be an entirely different matter. We will get up a statement of industrial items in accordance with the request Mr. Taber made a few minutes ago.

TOTAL OF ALL LEND-LEASE FUNDS

Mr. WIGGLESWORTH. I understand the total appropriations for the President have been \$24,683,629,000; in addition there have been made available for transfers through the Army and the Navy \$35,970,000,000, or a total of \$60,653,629,000.

Mr. Cox. You cannot add those two figures together and have an accurate statement unless you differentiate between direct appropriations to the President and transfer authority.

Mr. WIGGLESWORTH. To the President.

Mr. Cox. Direct appropriations to the President are intended for the procurement and making available of lend-lease supplies, on the one hand, and, on the other, the inclusion in the general appropriations to the Navy, Army, and Maritime Commission of the authority to transfer up to fixed amounts for lend-lease purposes.

Mr. WIGGLESWORTH. Subject to be used for lend-lease.

Mr. Cox. It is important to note that the articles procured out of Army and Navy appropriations do not have to be transferred for lend-lease purposes; they may be used and for the most part are used by the Army and Navy.

Mr. WIGGLESWORTH. But Congress has made available the total of \$60,653,629,000 for lend-lease in one form or another.

Mr. Cox. Yes; with the qualifications I just stated.

Mr. WIGGLESWORTH. And in addition to that there is unlimited authority to lease facilities.

Mr. Cox. There is unlimited authority to lease ships. Of course, the converse of that is also true that all of these articles and materials can be made available for our own armed forces.

Mr. WIGGLESWORTH. I understand. And how much of the amount made available for transfers—

Mr. Cox. That is the \$35,000,000,000.

Mr. WIGGLESWORTH (continuing). Of the \$35,970,000,000 has been made available to the Allies?

Mr. Cox. I think it amounts to about 20 percent of the total lend-lease aid which has been rendered. I think the figure runs—subject to check—between four and five billion dollars out of the \$35,000,000,000 transfer authorization.

Mr. WIGGLESWORTH. Four or five billion dollars has been transferred leaving thirty to thirty-one billion dollars outstanding?

Mr. Cox. Leaving theoretical transfer authority of that much, but, on the other hand, the funds may not actually be available since they may be spent for articles on materials for the use of the Army or Navy.

Mr. WIGGLESWORTH. And how much, if you know, has been done under leasing authority?

Mr. Cox. I do not remember those figures.

Mr. WIGGLESWORTH. Would you put that in the record?

Mr. Cox. It is included in the four or five billion dollars.

Mr. WIGGLESWORTH. That includes the lend-lease?

Mr. Cox. That includes the leasing authority. We will give you that for the record.

(Information requested follows.)

Value of ships leased under lend-lease cumulative to Mar. 31, 1944

Ships leased by the Maritime Commission, the War Shipping Administration and the Navy Department from their own appropriations.

Maritime Commission—merchant ships	\$38, 363, 739
War Shipping Administration—merchant ships	557, 317, 934
Total merchant ships	595, 681, 673
Navy Department—naval ships	1, 322, 271, 669
Grand total	1, 917, 953, 342

AMOUNT OF REVERSE LEND-LEASE AS OF DECEMBER 31, 1943

Mr. WIGGLESWORTH. I think you stated that you had to date about \$2,000,000,000 all told of reverse lend-lease?

Mr. Cox. About 2.1 billion dollars as of December 31, 1943.

Mr. WIGGLESWORTH. Does that mean that you now have accurate records showing all we have received in that connection?

You remember a year ago it was stated that the records were not available, and at that time it was difficult for the Army and others to get accurate figures. You are getting in better shape on that?

Mr. Cox. The record is now about as accurate as it can be made in time of war. The figure which I gave you represents those expenditures made by the foreign governments for reverse lend-lease aid, but it does not include materials furnished in combat areas; we do not have the record with respect to such materials. I think I should say that our records are by no means complete, although they are as complete as war conditions permit.

Mr. WIGGLESWORTH. You mean that this 2.1 billion you speak of is only a portion of it?

Mr. Cox. That is right; it is complete as far as it goes.

Mr. WIGGLESWORTH. You have no estimate or record showing the lend-lease in reverse in the combat zones?

Mr. Cox. We have some records, but they are by no means complete. In the fighting area, when the Allies furnish a rifle to an American soldier, they do not make any record—at least they do not furnish complete records. In the nature of things there cannot ever be any complete record of such aid.

Mr. WIGGLESWORTH. The figure is very much different from the one you gave us a year ago.

Mr. Cox. As a result partly of the interest of this committee the foreign governments were urged, insofar as they could practically do so, to collect and make available the records of their expenditures for lend-lease aid.

Mr. RABAUT. You have got a much more complete record this year?

Mr. Cox. Yes; for reverse lend-lease.

Mr. WIGGLESWORTH. Is there any reason why we should not have a statement of that in the record?

Mr. Cox. Of reverse lend-lease aid?

Mr. WIGGLESWORTH. Yes.

Mr. Cox. No; we can give you that.

Mr. WIGGLESWORTH. Broken down by countries?

Mr. Cox. Yes.

(Information requested follows.)

STATEMENT ON REVERSE LEND-LEASE

The principal war benefit we receive from the lend-lease aid that we extend to our allies is the damage which they are enabled to do to our enemies—and theirs—because of the supplies we send.

In addition, however, the United States is also receiving from its allies a large volume of reverse lend-lease aid. Reverse lend-lease aid consists of goods, services, and information provided to the United States by our allies without payment by us and on the same terms as we provide direct lend-lease assistance.

A steadily increasing volume of reverse lend-lease aid has been furnished to us by our allies, principally by the countries of the British Commonwealth of Nations. We are also receiving reverse lend-lease supplies and services as the need arises from the French Committee of National Liberation, Belgium, the Netherlands, the Soviet Union, and China.

The following table shows the dollar value of reverse lend-lease supplies and services furnished to us, reported as of May 1, 1944:

TABLE 1

Country	Source of information	End date of report	Amount
United Kingdom:			
In United Kingdom.....	United Kingdom Government.	Dec. 31, 1943	\$1,366,170,000
In areas outside British Isles.....	do.....	do.....	160,000,000
Australia.....	Australian Government.....	do.....	362,365,000
India.....	U. S. Army and War Shipping Administration.	Feb. 29, 1944	149,512,000
New Zealand.....	New Zealand Government.....	Dec. 31, 1943	91,886,000
South Africa.....	Union Government.....	June 30, 1943	145,000
Belgian Congo.....	U. S. Army.....	Nov. 30, 1943	284,000
French North and West Africa.....	U. S. Army, Navy, and War Shipping Administration (estimated).	Jan. 1, 1944	30,600,000
New Caledonia.....	New Caledonian Government.	Feb. 29, 1944	772,000
French Equatorial Africa.....	U. S. Army.....	Aug. 31, 1943	50,000
Netherlands in Surinam.....	do.....	Oct. 31, 1943	85,000
Russia.....	Russian Government.....	Sept. 30, 1943	1,000,000
China.....	U. S. Army.....		3,672,000
Total.....			2,166,541,000

These dollar figures are, however, at best an incomplete reflection of the value of the reverse lend-lease aid we have received. They do not include the value of vital information on military equipment freely turned over to us by the British and the Russians who had many hard months of battle experience before we entered the war. No financial valuation can be, or is, of course, placed on this type of aid either by the foreign governments or by ourselves.

The figures are incomplete for other reasons. They do not include all the reverse lend-lease aid rendered on the spot in combat areas. Furthermore, accounting is slow and incomplete at best, because reverse lend-lease supplies are provided at thousands of different places all over the world in large measure out of stocks on hand. This is in direct contrast to outgoing lend-lease supplies from the United States which flow from a single central source under unified appropriations and procurement procedure.

Moreover, reverse lend-lease expenditures by the foreign governments are made in their own currencies. The dollar values are arrived at by translating the foreign currencies into dollars at official rates of exchange which may not

reflect the lower prices prevailing in foreign countries and may, therefore, understate the real value of the aid which we received from our allies. A Spitfire plane, for example, can be procured in Britain for about half the price of a comparable American plane. One dollar will buy about three times the quantity of butter in New Zealand than it will buy in the United States. It costs the Australian Government \$2.64 to purchase a blanket that will be turned over to our forces as reverse lend-lease. Substantially the same blanket costs \$7.67 in the United States.

THE BRITISH COMMONWEALTH

The Governments of the British Commonwealth estimate that they have spent more than \$2,000,000,000 for supplies and services furnished to our armed forces and merchant marine overseas as reverse lend-lease from January 1, 1942, to December 31, 1943.

TABLE 2.—*Total reverse lend-lease aid from British Commonwealth, through Dec. 31, 1943*

United Kingdom.....	¹ \$1, 526, 170, 000
Australia.....	362, 365, 000
New Zealand.....	91, 886, 000
India.....	114, 451, 000
Total.....	² 2, 094, 872, 000

¹ Includes \$1,366,170,000 for aid furnished our forces in the British Isles and for shipping services, together with \$160,000,000 for reverse lend-lease supplies transferred to our forces by the United Kingdom in various combat areas outside the British Isles. On the basis of records so far compiled from these overseas areas the United Kingdom Government estimates that these transfers totaled between \$160,000,000 and \$200,000,000 through December 1943.

² Does not include the value of strategic raw materials, commodities, and foodstuffs shipped to the United States under reverse lend-lease, other than benzol.

United States military and naval forces, our merchant marine and the Red Cross stationed within the British Commonwealth are receiving without payment virtually every type of supply and service they need which can be procured locally. In addition a large portion of the raw materials heretofore purchased for cash by United States Government agencies for import into the United States is now being supplied as reverse lend-lease. By the first of this year we were receiving reverse lend-lease aid from the British Commonwealth at a rate approaching \$2,000,000,000 a year compared with a rate of a little over \$1,000,000,000 a year for the 12 months ending June 30, 1943.

UNITED KINGDOM

The United Kingdom Government's estimates of its reverse lend-lease expenditures are shown in the following table:

TABLE 3.—*Reverse lend-lease aid by United Kingdom*

[Thousands of dollars]

[Conversion from pound sterling at \$4.03]

	To Dec. 31, 1943	To Sept. 30, 1943
Goods and services transferred in the United Kingdom.....	\$535, 990	\$407, 030
Shipping services.....	282, 100	225, 680
Airports, barracks, hospitals, and other construction.....	548, 080	471, 510
Goods and services transferred outside the United Kingdom.....	¹ 160, 000	
Total.....	² 1, 526, 170	1, 104, 220

¹ Overseas expenditures for reverse lend-lease aid are estimated by the United Kingdom Government to total between \$160,000,000 and \$200,000,000 up to Dec. 31, 1943.

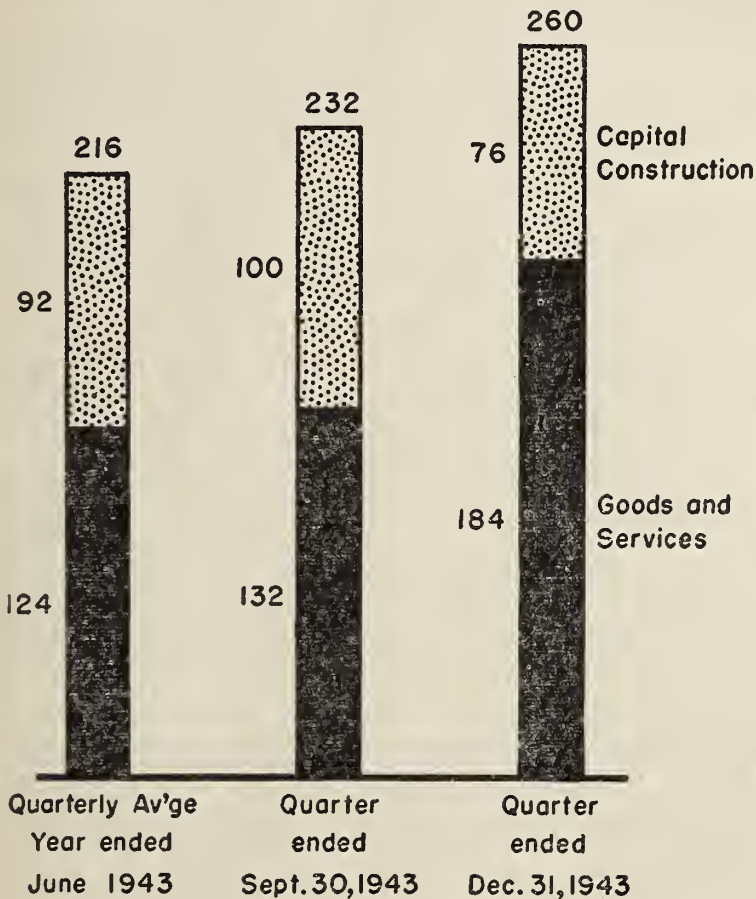
² Figures reported by the United Kingdom Government for last quarter of 1943 are preliminary.

We are receiving reverse lend-lease aid from the United Kingdom at a steadily increasing rate. (See ch. No. 7.)

Tens of thousands of items, big and little, have been and are being supplied to United States Army, Naval and Air Forces in the United Kingdom as reverse lend-lease. Together, they constitute one-third of all the supplies and services currently required by United States forces in the British Isles. In addition, virtually all housing and headquarters accommodations, airdrome facilities, transportation services, civilian labor, and miscellaneous services needed by our forces are supplied as reverse lend-lease.

The supplies we have received for the Eighth and Ninth United States Army Air Forces range from several hundred planes to hundreds of thousands of small tools and parts for use in the big repair and maintenance depots, which the British have built for us along with the air bases from which our planes operate. Our fliers who must operate in the extreme cold of high altitudes and against heavy fighter and anticircraft opposition in their daylight raids, get specially armored flak suits and heated flying suits as reverse lend-lease and the British have also developed electrically heated muffs for our air-force gunners.

REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM QUARTERLY - MILLIONS OF DOLLARS



The figures shown above do not include reverse lend-lease supplies transferred by the United Kingdom outside the British Isles, estimated between \$160,000,000 and \$200,000,000 as of December 31, 1943. Neither do they include the value of commodities shipped to the United States as reverse lend-lease aid, except benzol.

CHART 8

The British have now put into production and are turning over to us as reverse lend-lease newly designed and extremely lightweight auxiliary gas tanks. These easily jettisoned tanks have already enabled our P-47 Thunderbolt fighters to escort American Flying Fortresses and Liberators deeper inside Germany than ever before.

Two other reverse lend-lease items of vital importance to our fliers are the one-man dinghies devised and produced by the British for fliers forced down at sea and the mobile repair shops that have been provided throughout the British Isles for the salvage of planes which crash-land away from their bases.

Into our Air Force repair and maintenance depots flows a constant stream of reverse lend-lease materials, parts and other equipment necessary to maintain our aircraft at peak fighting efficiency and to meet constantly changing battle conditions. Recent requisitions to meet our plane repair and adaptation needs which have been filled by the British without payment by us include items as varied as 1,357,730 square feet of steel and light alloy sheets and 235,000 rubber shock absorbers.

United States Army Engineers in the United Kingdom have received as reverse lend-lease over 44,250,000 yards of steel landing mats, hundreds of miles of electric wiring, several million square feet of wallboard, millions of spare parts for motorized equipment and thousands of other items.

Twenty percent of the food consumed by our forces in the United Kingdom is provided as reverse lend-lease, in spite of British food shortages. Over three-fourths of United States Army medical supplies in the United Kingdom are supplied as reciprocal aid, together with both newly built and requisitioned hospitals and ambulance trains. Our forces had received by the first of this year such items of uniform equipment as 1,750,000 pairs of woolen socks and nearly 1,500,000 pairs of woolen gloves.

Besides the Air Force and Army bases and barracks built for us under reverse lend-lease, the British Government pays the bills for billeting United States officers and men in private residential buildings. In one area alone in the United Kingdom, the British have recently been paying for billeting 27,000 officers and men. All official telephone, telegraph and, and transportation costs of the United States forces and heat, light, and water bills are also paid for by the British.

AUSTRALIA

The Australian Government's estimates of its reverse lend-lease expenditures are shown in the following table:

TABLE 4.—*Reverse lend-lease aid from Australia, through Dec. 31, 1943*

[Conversion from Australian pound at \$3.23]

Stores and provisions.....	\$95, 121, 000
Technical equipment.....	8, 229, 000
Motor transport.....	31, 479, 000
Aircraft stores and equipment.....	35, 442, 000
General stores.....	43, 372, 000
Transportation and communication.....	28, 926, 000
Shipping.....	23, 280, 000
Works, buildings, and hirings.....	92, 990, 000
Miscellaneous.....	3, 526, 000
Total.....	362, 365, 000

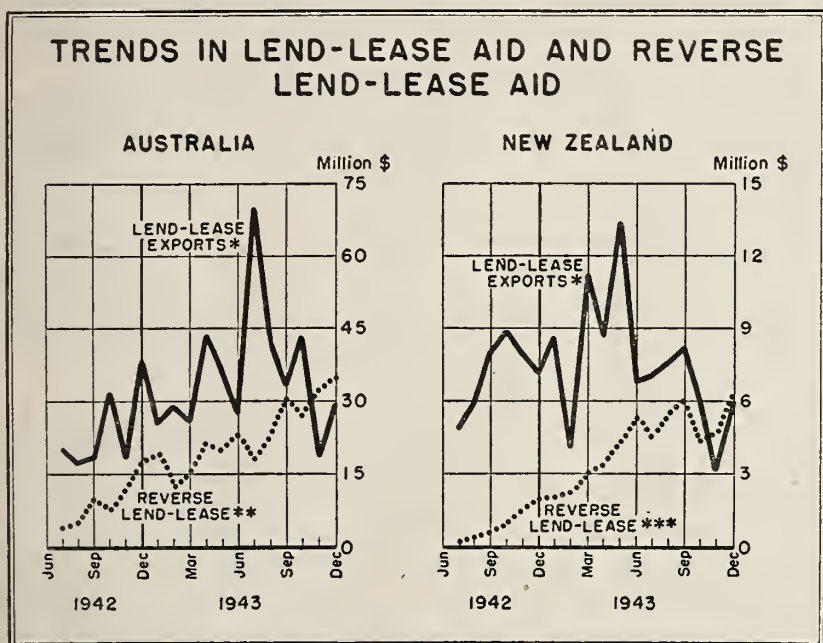
About 18 percent of Australia's current war expenditures are being made for reverse lend-lease aid to the United States. The rate of expenditure has risen rapidly and the Australian Government is now spending at the rate of a million dollars a day for reverse lend-lease aid furnished to us. The present monthly rate of reverse lend-lease aid furnished by Australia approximates the rate of lend-lease supplies being currently sent to Australia by the United States. (See ch. 8.)

More than 90 percent of the food for American forces in the Southwest Pacific theater is being supplied as reverse lend-lease by Australia, together with large quantities of food for the forces under Admiral Halsey's command in the South Pacific theater.

Up to January 1, 1944, we had received over 500,000,000 pounds of food from Australia, including the following major items:

Beef.....	pounds.....	75, 577, 000
Pork.....	do.....	37, 788, 000
Lamb.....	do.....	12, 596, 000
Bread and cereals.....	do.....	100, 831, 000
Emergency rations.....	do.....	28, 414, 000
Fruits and vegetables.....	do.....	97, 442, 000
Canned foods.....	do.....	91, 158, 000
Butter.....	do.....	12, 429, 000
Sugar.....	do.....	28, 562, 000
Eggs.....	dozen.....	32, 060, 000

In 1944, we expect to receive between \$150,000,000 and \$200,000,000 worth of food from Australia, including at least 250,000,000 pounds of meat.



* Exports on merchant vessels from United States.

** Official estimate of total cost to Australia of reverse lend-lease to United States.

*** Foodstuffs, supplies, and services. Excludes construction expenditures.

CHART 9

Among the thousands of miscellaneous items of equipment and supplies furnished to us by Australia are army boots and uniform shirts, jackets, and trousers by the hundred thousands. We expect to receive a million pairs of army boots alone in 1944.

Almost all the tires for American Army trucks are supplied as reverse lend-lease. Australia has turned over to us fleets of trawlers, launches, ketches, and small coastal steamers for use on the New Guinea and New Britain coasts and is currently engaged in a \$40,000,000 program for the construction of landing craft and barges for use in our Pacific operations.

As in the case of the United Kingdom, New Zealand, and India, the figures for reverse lend-lease aid from Australia converted to dollars from pounds at the official exchange rate understate the financial value of this aid to us because of lower prices for many items in Australia. For example, Australia is currently

engaged in filling reverse lend-lease orders for 1,000,000 blankets for the American Army at a cost to the Australian Government of \$2.64 a blanket. Substantially, the same item costs \$7.67 in the United States. Similarly, many important foodstuffs cost only half as much in Australia as in the United States.

NEW ZEALAND

The New Zealand Government's estimates of reverse lend-lease expenditures are shown in table 5.

The first American Army troops landed in New Zealand in June 1942. A month earlier the New Zealand Government made its first expenditures for reverse lend-lease aid in preparation for the arrival of our forces. New Zealand has spent \$6,500,000 for small vessels and landing craft which our forces are using in operations against Japanese island strongholds in the Pacific.

New Zealand provides almost all the food for American forces on the home islands, besides large quantities for our forces throughout the South Pacific area.

TABLE 5.—Reverse lend-lease aid from New Zealand, through Dec. 31, 1943

[Conversion from New Zealand pound at \$3.25]

Foodstuffs	\$29, 500, 000
Equipment and supplies	13, 367, 000
Repairs and services	13, 955, 000
Camps	6, 737, 000
Warehouses	6, 604, 000
Hospitals	6, 903, 000
Miscellaneous building projects	8, 320, 000
Ship construction	6, 500, 000
Total	91, 886, 000

Up to January 1, 1944, we had been supplied with over 300,000,000 pounds of food from New Zealand. Detailed reports for major categories were reported through November 1, 1943, as follows:

Butter, including canned	pounds	14, 574, 821
Cheese, including canned	do	4, 940, 000
Eggs	dozen	1, 885, 134
Bacon and ham	pounds	20, 075, 324
Beef and other meats (frozen)	do	¹ 86, 164, 964
Meat (canned)	do	² 33, 767, 277
Milk (evaporated)	do	6, 818, 542
Sugar	do	26, 715, 126
Tea	do	596, 462
Vegetables (canned)	do	8, 445, 311
Potatoes	do	41, 550, 080
Other fresh vegetables	do	27, 807, 715
Apples (fresh)	do	12, 160, 000

¹ About two-thirds consists of beef and veal.

² About half consists of beef and veal.

During 1944, the New Zealand Government expects to spend more than \$50,000,000 for foodstuffs for our forces, two-thirds again as much as during the preceding 19 months. To make this program possible the New Zealand Government is diverting large shipments of foodstuffs from those peacetime markets in which they are ordinarily sold for cash.

Today, as in the case of Australia, the monthly rate of the reverse lend-lease aid which we are receiving from New Zealand, with a population of 1,640,000 people, approximates the monthly rate of lend-lease supplies sent from the United States. (See chart 8.)

INDIA

The Government of India has not yet provided a statement of its expenditures for reverse lend-lease aid to United States forces in India, but receipts reported by the United States Army in this theater are as follows:

TABLE 6.—Reverse lend-lease aid in India, through Dec. 31, 1943, as reported by U. S. Army

Military stores and equipment.....	\$6, 598, 000
Transportation and communication.....	7, 627, 000
Petroleum products.....	40, 652, 000
Construction.....	43, 033, 000
Subsistence and miscellaneous.....	16, 541, 000
Total.....	114, 451, 000

The volume of reverse lend-lease aid provided to United States forces in India is going up tremendously. In January and February of this year alone American troops received over \$35,000,000 worth of supplies. This was as much in 2 months as we had received in the entire year of 1942 and half as much as we had received in the entire year of 1943.

A large part of the total is made up of petroleum products, including aviation gasoline from the British refinery at Abadan. We also receive postal, telephone, and telegraph services, equipment and construction assistance for our Army and Air Force bases, tropical uniforms for use in the intense heat of India and the jungle fighting in Burma and thousands of items of miscellaneous supplies.

Included in these miscellaneous supplies during the months of January and February, 1944 alone were:

Vegetables.....	pounds..	6, 800, 000
Socks.....	pairs..	170, 000
Cloth.....	yards..	300, 000
Trousers.....	pairs..	175, 000
Diesel oil.....	gallons..	700, 000
Underwear.....	sets..	200, 000
Meat and fish.....	pounds..	4, 000, 000
Fruit.....	do.....	2, 000, 000
Beverages.....	do.....	1, 000, 000
Bread.....	do.....	500, 000
Eggs.....	dozen..	700, 000

OTHER COUNTRIES

Our other allies have not been in a position to provide reverse lend-lease supplies and services to American forces on the same scale, nor has the need for such aid arisen. The territory of some of the United Nations has been completely overrun by the enemy. The Soviet Union and China, both invaded, have required all they could produce, besides what we could send them, for fighting the invaders on their soil. Still others of the United Nations are too far from the fighting fronts for the need to have arisen to supply American forces. Nevertheless, each of our allies is providing us with reverse lend-lease aid in accordance with its resources and our needs.

The Government of the Netherlands pays as reverse lend-lease all of the expenses for local procured supplies for American forces in Surinam and the Netherlands West Indies. In the Belgian Congo, American forces are receiving barracks, transportation, and supplies and services as reverse lend-lease. The French Committee of National Liberation has provided reverse lend-lease aid estimated at about \$30,000,000 to our troops in French North and West Africa, in addition to aid furnished in New Caledonia and Equatorial Africa. This has consisted primarily of transportation services and assistance in the construction of bases needed by our armed forces. But it also includes millions of pounds of food grown in French North and West Africa and furnished to our forces in the Mediterranean area.

The Soviet Union provides ship stores, repairs, and other services to United States vessels in Soviet ports. China insisted on turning over without cost to the Fourteenth United States Army Air Force the 23 surviving P-40 planes of the one hundred used by the Flying Tigers. These planes were originally purchased for cash by the Chinese Government from the United States.

Mr. WIGGLESWORTH. I do not think Mr. Crowley gave us the figure for the amount that has gone to China and for the governments in exile.

Mr. CROWLEY. We can make this information available for the committee.

Mr. WIGGLESWORTH. That can be supplied?

Mr. CROWLEY. Yes, for your information.

Mr. COX. Mr. Wigglesworth, you will see a statement concerning reverse lend-lease set out on page 17 of the fourteenth report.

Mr. RABAUT. That is the blue book?

Mr. COX. Yes. On page 17 there is a break-down of reverse lend-lease from the British Commonwealth of Nations, and the report gives the amounts which have been relatively small, from the other lend-lease countries.

CHECK ON USE OF LEND-LEASE MATERIALS

Mr. WIGGLESWORTH. I think Mr. Crowley has given us in his statement pretty well the picture at this end of the line. What check, if any, is made on the use of lend-lease materials after delivery to other nations?

Mr. COX. In virtually all the areas, there are Lend-Lease representatives who check on the various controls placed on the use of the articles by the lend-lease countries as well as on the uses to which the articles are put; also, at any time any question is raised, the Lend-Lease representatives investigate to see what the facts and what the circumstances are.

In London, for example, Mr. Philip Reed is head of the Lend-Lease mission, and similar missions are maintained in Australia, New Zealand, and other places in the world.

Mr. WIGGLESWORTH. I do not think I have any more general questions, Mr. Chairman.

SATURDAY, MAY 6, 1944.

LEND-LEASE PROCEDURE

The CHAIRMAN. Mr. Crowley, we discussed the matter somewhat yesterday, but I think it would be helpful if you at this time would include a brief summary in the record of the method which you follow when making allocations to various nations, the whole process, from the time that they make applications to you, the consideration given by your representatives abroad, and the screening process.

Mr. CROWLEY. Yes, sir; we will be glad to do that.

(The statement requested is as follows:)

FOREIGN ECONOMIC ADMINISTRATION LEND-LEASE PROCEDURE

The procedure of the Foreign Economic Administration in the handling of lend-lease transactions, from the time requests for lend-lease aid are submitted by foreign countries to the time aid is actually furnished, may be divided into four major stages: (1) The appropriation stage; (2) the allocations stage; (3) the requisition stage; and (4) the procurement stage.

(1) *The appropriation stage.*—The Foreign Economic Administration, for the purpose of preparing budget estimates for the lend-lease appropriations, requests from foreign governments estimates of lend-lease requirements during the budget period. These estimates are reviewed by the Foreign Economic Administration in the light of information received from Foreign Economic Administration representatives in the foreign country, past experience with the requirements of that country, and relevant information concerning available production capacity and supplies in the various United Nations. Information is continuously received from Foreign Economic Administration representatives abroad regarding the

needs of each lend-lease country, local production and consumption data, the uses to which lend-lease materials are put, and other information. Lend-lease requirements are examined in the first instance by commodity officers who are specialists in their particular commodities and by area officers who are specialists in their particular areas. Each lend-lease requirement is submitted to a searching examination.

In the course of the examination of each item, representatives of the Foreign Economic Administration require a satisfactory showing that the use of the requested item for the supply purpose designated will contribute to the effective prosecution of the war. A showing must also be made that the quantity of the requested item is no greater than is necessary to meet the minimum war need for the item in the territory under consideration. The possibility of obtaining the requested item, either from within the requesting country or from other countries, is explored in order to minimize the use of lend-lease funds and to make the most effective use of the combined production and shipping facilities of the various United Nations. The minimum needs of lend-lease claimants determined in this manner are then considered in the light of the competing needs of the Army and Navy, United States civilian requirements, etc. In numerous instances of materials in short supply, cheaper and more abundant substitute materials are proposed to the requesting countries, and in order to insure efficient procurement, conformity to American standards and specifications is insisted upon to the extent practicable.

Lend-lease requirements are approved only to the extent that shipping facilities will be available to transport the supply overseas to the area of use. In this connection, inventories on hand are taken into consideration to minimize the amount of new procurement which should be undertaken.

(2) *The allocation stage.*—From time to time advance programs, generally covering 3 months, of materials needed to meet lend-lease requirements are submitted by the Foreign Economic Administration to the War Production Board, the Food Distribution Administration, and the other appropriate control agencies for the purpose of obtaining allocations of materials for the lend-lease countries. Each allocating agency reviews the lend-lease requirements in relation to the requirements submitted for other claimants in the light of available production and supply. On the basis of this review, allocations are made to the Foreign Economic Administration.

(3) *The requisition stage.*—Specific requests for lend-lease aid are submitted by foreign governments to the Foreign Economic Administration in the form of requisitions. These requisitions specify the particular materials or services requested and the date when shipment is desired and explain the use for which the materials or services are required in the war effort. Within the Foreign Economic Administration each requisition, before it is approved, must be reviewed and signed by a commodity officer, an area officer, the general counsel, or his representative, a review officer, and a budget officer.

Each requisition is reviewed *de novo* in the light of the same criteria as govern the preparation of the over-all program of requirements upon which the Budget estimate is based for appropriation purposes. Requisitions are disapproved if changed conditions no longer justify the supply of particular aid requested in the requisition, even though such aid may have been previously included in the over-all program.

Numerous requisitions are returned to the foreign governments for further information or justification.

(4) *The procurement stage.*—Following the approval of a requisition in accordance with the procedure described above, a commitment letter is prepared authorizing the appropriate procurement agency to spend a certain sum of money for articles described in detail in the approved requisition. The commitment letter and copies of the requisition are sent to the appropriate procurement agency—the Treasury Procurement, the Food Distribution Administration, the War Department, the Navy Department, or the War Shipping Administration. In the case of most articles, except agricultural products, copies of requisitions are also sent to the War Production Board where they are examined by the appropriate commodity division and by the Foreign Division and are given priority ratings or official releases before the procurement agency undertakes to place contracts with the suppliers. Contracts are then placed by the procurement agencies with appropriate suppliers. Copies of the contracts are sent to Foreign Economic Administration, the requesting governments, and the War Shipping Administration. From time to time the procurement agencies report to Foreign Economic Administration on the progress of procurement and on probable dates of availability.

When material is ready for shipment, the procuring agency declares the material available at vendor's plant to the Foreign Economic Administration and the War Shipping Administration. The Cargo Control Division of the War Shipping Administration, in conjunction with the Foreign Economic Administration, prepares the shipping program. In instances where vessels cannot be scheduled to lift the material, the material is moved to storage or holding and reconsignment depot. A new availability is issued showing the new location. These availabilities reflect the backlog or cargo bank and the material is called forward when vessels are scheduled.

In the case of foodstuffs, the Foreign Economic Administration advises the Agriculture Department when a vessel is scheduled and the amount of food required. In all instances, priority for shipping is indicated by the Foreign Economic Administration.

The inventory of the cargo bank is reported each month to the Foreign Economic Administration by the procuring agency, and the inventories are carefully watched.

If goods of a certain type are not being shipped but are accumulating in warehouses, the Foreign Economic Administration does not approve further requisitions for similar articles. Frequently the materials are made available to other foreign governments or other Government agencies.

The Foreign Economic Administration carefully follows requisitions after they have been forwarded to procurement agencies and, if it is evident that contracts are unlikely to be fulfilled for some time, or if it is likely that the materials will no longer be needed at the time when the contracts are likely to be fulfilled, the Foreign Economic Administration arranges to cancel the authorizations to procure.

COORDINATION OF ARMY AND NAVY FUNDS WITH LEND-LEASE FUNDS

The CHAIRMAN. The Army and the Navy have certain funds which can be used for parallel purposes, along with lend-lease.

I note in one of the Washington morning newspapers to day that the question has been raised to the effect that there has probably been a failure on the part of Congress to take into consideration the fact that the Army and the Navy have had these sums used for this purpose.

So far as I know, we have always taken that into consideration on this side, and I think on the other side, and I see no occasion for any anxiety on that subject. But the Army and the Navy do have sums which can be used in their discretion, for lend-lease purposes, I think principally for finished munitions, and I think they also can use their funds for general purposes.

I wish you would tell us where the line of demarcation is between the two, and how do you determine what shall be lend-leased by F. E. A. and what shall be lend-leased by the Army and the Navy?

Mr. Cox. There is no overlapping at all, Mr. Chairman. Since Congress has provided the transfer authority on finished munitions in February 1942 the Army and the Navy, and F. E. A. work those things out jointly, in the preparation of the budget requests for appropriations, so there can be no overlapping in the financing and procurement.

The general principle is that finished munitions are financed and procured by the War Department. The Army also buys those articles and supplies which are included in the Army supply program.

For reasons of efficiency, a couple of years ago the Army procured all machine tools, and there was no financing in any substantial amount for machine tools in other appropriations.

In the field of medical and surgical supplies similarly all procurement was entrusted to the War Department because the Army was the predominant buyer in that field for the Army supply program.

The CHAIRMAN. There is continuous cooperation and collaboration between you and the Army and the Navy on this point, so there is no overlapping and no lost motion?

Mr. Cox. That is right.

The CHAIRMAN. I see you have here under the tab marked "appropriation request" in the folder, a large number of letters in connection with the clearance of programs between you and the various Government agencies.

For instance, under date of March 25, 1944, there is a letter from the Secretary of War, and I note in his letter, in the second paragraph a statement indicating that negotiations were under way between the War Department and F. E. A. to eliminate duplication of procurement, and the statement is made there that some items in your preliminary estimate for lend-lease were still under discussion.

Have all those questions now been worked out and an agreement reached?

Mr. Cox. Yes; all those questions have been worked out and an agreement has been reached, including the questions on the French and Chinese estimates.

The CHAIRMAN. I will put in the record at this point this letter from Secretary of War Stimson and the reply by Mr. Crowley under date of April 12, 1944.

(The letters referred to are as follows:)

WAR DEPARTMENT,
Washington, D. C., March 25, 1944.

HON. LEO T. CROWLEY,
Administrator, Foreign Economic Administration,
Washington, D. C.

MY DEAR MR. CROWLEY: Members of your staff have discussed with the Budget Office of the War Department and the International Division, Army Service Forces, the estimates you are preparing for the fifth lend-lease appropriation. In reviewing these estimates, War Department officials noted in your program various duplications and potential duplications with the Army supply program.

As a result of these comments, you have made deletions of certain items. With respect to other items, discussions between members of our organizations have clarified the status of such items with respect to the Army supply program. Still other items, notably those pertaining to China and the French, are presently under discussion between the Foreign Economic Administration and the War Department.

With respect to all items, the War Department is ready to confer with the Foreign Economic Administration on specific border-line requisitions for the purpose of avoiding duplicate procurement. The revised estimates for the fifth lend-lease appropriation do not conflict with the Army supply program, except as to the French and Chinese estimates which are under discussion.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

FOREIGN ECONOMIC ADMINISTRATION,
Washington, D. C., April 12, 1944.

HON. HENRY L. STIMSON,
Secretary of War, Washington, D. C.

MY DEAR MR. SECRETARY: I appreciate very much your letter of March 25, 1944, with respect to the elimination of duplication between the estimates in the fifth lend-lease appropriation and those in the Army supply program.

Pending final settlement of such estimates, as are still under discussion, we will take up with members of your organization all specific border-line requisitions.

This, together with the regular joint screening which takes place in the field, will eliminate any possibility of duplicate procurement.

Very sincerely yours,

LEO T. CROWLEY, *Administrator.*

The CHAIRMAN. I notice that those letters relate primarily to the French and Chinese estimates.

I see that you have here on page 1 the amounts for Greece, the Netherlands, Poland, and Yugoslavia—not very large amounts in each case as compared to other allocations. They are referred to later on in more detail, but at the same time and to avoid repetition we might have a general statement at this time as to what is proposed for each country, beginning, for example, with Greece.

ESTIMATES FOR ASSISTANCE TO GREECE

What is the situation there—that is largely occupied territory?

Mr. Cox. If you will look at the table, Mr. Chairman, the first item is \$7,600,000 for the rental and charter of vessels.

As you know, Greece had a merchant fleet which is now operating as a part of the combined pool with the Allied merchant fleets to carry munitions and other vital war supplies to the battle front. This item of \$7,600,000 is for the leasing of vessels made available to the Greek merchant marine which is used in Allied operations. Part of it includes stores on those vessels.

Another item is the general category of food, covering aid made available to occupied Greece. The necessary controls to insure that the food supplies do not get into the hands of the enemy. That is under the Red Cross.

Mr. TABER. Those items on food total about \$8,000,000, and that is for food that goes into the occupied territory now?

Mr. Cox. Principally, yes.

Mr. WIGGLESWORTH. What is the assurance that this food does not get into enemy hands?

Mr. Cox. The food is distributed by the Swedish Red Cross, under a joint arrangement by which Canada, Argentina, and other governments contribute supplies for use inside of occupied Greece. The necessary controls have been carefully worked out with the blockade authorities.

Mr. LUDLOW. Do you think that is a complete safeguard?

Mr. Cox. I think the consular inspection, in addition to the other controls, provide adequate safeguards. We can give you a complete statement on that.

(The statement referred to is as follows:)

GREEK RELIEF

(1) The present program of relief to Greece, originally organized by the Swedish Government under the auspices of the mixed Commission of the International Red Cross, is now conducted in Greece by a Swedish-Swiss Relief Commission. The program was put forward in the spring of 1942, but it was not until the end of August 1942 that the negotiations conducted by the Swedish Government with the German and Italian authorities were completed and the first cargoes arrived in Greece from Canada. Since then, the work of relief has proceeded without intermission and on an increasing scale despite serious difficulties arising both from physical circumstances and from reasons associated with the occupation of the country.

(2) The general conditions as agreed to by the British and American Governments on the one side and the German and Italian Governments on the other for the operation of Greek relief are as follows:

(a) The Swedish-Swiss Relief Commission exercises direct control over the distribution of all relief foodstuffs.

(b) The imported foodstuffs, as well as foodstuffs originating in Greece, are used solely for the Greek population and any local foodstuffs consumed by the armed forces or by officials or workers of the occupying powers are to be replaced by equivalent imports.

(c) The Commission may approve the export of any surplus Greek foodstuffs in exchange for foodstuffs of other kinds.

(2) The justification for the Greek relief program is that in the opinion of the Allied Governments there exist in Greece no significant resources which the enemy needs. Consequently, the Germans are not interested in maintaining a healthy working population to produce resources, and, in fact, Germany has taken no effective measures to prevent widespread civilian starvation in Greece. Since Germany has no interest in keeping Greek civilians alive, the provision of relief to Greek civilians does not relieve the Germans of a burden which they would otherwise carry.

LEND-LEASE TO THE NETHERLANDS

The CHAIRMAN. For the Netherlands there is provided a comparatively small amount, \$840,000. What is the situation there? Is it that it requires a small amount, or are you able to supply only a small amount? What is the situation?

Mr. Cox. What is involved is mostly supplies. All supplies except those which are of a direct military nature are handled on a cash reimbursement basis with the Netherlands. The supplies included in the budget are those going to military and naval installations in various parts of the unoccupied areas of the Netherlands Empire.

The CHAIRMAN. I have seen the statement that there are Netherlands troops with the Allied armies.

Mr. Cox. Yes, in the Pacific. There are also Dutch fliers in Britain.

LEND-LEASE TO POLAND AND YUGOSLAVIA

The CHAIRMAN. For Poland the amount is \$4,700,000.

Mr. Cox. Part of that is for the purchase of war supplies. Part is for prisoner-of-war packages which are distributed under strict controls by the International Red Cross and signed for by the prisoners.

There is also an item for the rental and charter of vessels. The Polish merchant fleet is operating in combination with the Allies for the movement of vital war supplies.

The CHAIRMAN. Most of the amount for Poland seems to be for foodstuffs.

Mr. Cox. That is right.

The CHAIRMAN. \$2,520,000 for foodstuffs?

Mr. Cox. Yes, sir.

Mr. TABER. And \$1,680,000 for clothing, textiles, and shoes?

Mr. Cox. That is right.

The CHAIRMAN. What about Yugoslavia?

Mr. Cox. Provision is made for food and clothing packages for Yugoslavian prisoners of war.

The CHAIRMAN. Why is there such a discrepancy as between Poland and Yugoslavia in reference to clothing?

Mr. Cox. That is because you can get more to them.

The CHAIRMAN. It is largely a matter of being able to supply them?
Mr. Cox. Yes.

LEND-LEASE TO CHINA

The CHAIRMAN. I notice that the amount provided for China is increased.

Mr. Cox. That is right.

The CHAIRMAN. I am gratified to see that, and I think that is the general opinion of all the American people today that we want to see China aided as much as possible.

Is this contribution for China limited by problems of transportation, or limited by other factors?

Mr. Cox. Primarily by transportation.

The CHAIRMAN. In other words, we are getting to China everything we can transport?

Mr. Cox. That is right.

The CHAIRMAN. Transportation is the bottleneck?

Mr. Cox. Yes.

PROBLEMS OF TRANSPORTATION AND SPECIAL PACKAGING FOR SHIPMENT TO THE PACIFIC

The CHAIRMAN. I see there is special packaging and other requirements for food for the Pacific.

There is a belief, growing, and I believe it is well founded, that the war in Europe will be over considerably in advance of the war in the Pacific. If that is true, are there quantities of lend-lease materials still in storage in the United States that can be diverted to the Pacific at that time?

Mr. CROWLEY. There should be.

The CHAIRMAN. It will require a special allocation to get them over there? You have difficulties in packaging there that you do not have in the European situation, due to heat, and so forth?

Mr. Cox. One of the central things we have had in mind in relation to the supply program is that wherever possible we try to procure common items which can be used as far as practicable and possible in any part of the battle fronts of the war, or by any of the armed forces, both by our own and those of any of the Allies, instead of ordering special or particular commodities which can be used only by one group or in one area.

ADDITIONAL LIBERATED AREAS WILL CHANGE THE SITUATION

The CHAIRMAN. We also have a schedule set up for lend-lease requirements still for Australia, New Zealand, China, and India, and we confidently expect that there will be other liberated territories in that and other theaters, which are not now in this picture, and you are in a position to take care of that situation?

Mr. CROWLEY. Yes, we are.

Mr. Cox. In connection with the budget for the Netherlands where you have a total of \$840,000, it should be remembered that part of the Netherlands territory is not yet liberated. It may well be that aside from the tentative allocation, shown in the budget, supplies will have to be made available to other areas which, I suppose, would mean a cut in the other Allies' necessary supplies.

COOPERATION WITH SURPLUS WAR PROPERTY ADMINISTRATOR

The CHAIRMAN. You are keeping in touch with other agencies of the Government in making out your procurement schedules? In other words, are you checking with the Surplus War Property Administrator to be sure that he does not have material on hand that you could get without going into the market to purchase?

Mr. CROWLEY. Yes; all the time.

The CHAIRMAN. So he will be able to get rid of materials on his hands which otherwise you would have to go into the market to buy, and you would thus be saved the necessity of purchasing.

That is very carefully looked after, I take it?

Mr. CROWLEY. Yes, sir.

The CHAIRMAN. To what extent are you able to secure material in that way?

Mr. Cox. Even before the Surplus War Property Agency was set up we made an effort to acquire for lend-lease such available surpluses from other agencies that may have existed.

LEND-LEASE MATERIAL LOST BY SINKING

Mr. LUDLOW. Have you any idea of the value of lend-lease material lost by sinking?

Mr. Cox. Yes, sir.

(Discussion off the record.)

Mr. RABAUT. Do the vessels that have been sunk seem to have been selected on account of the type of cargo that they carried?

Mr. Cox. No.

(Discussion off the record.)

Mr. Cox. Mr. Ludlow, on page 31 of the Fourteenth Report to Congress on Lend-Lease Operations there is a statement in reference to sinkings which says—

ninety-nine percent of the ships sailing with lend-lease supplies for the U. S. S. R. in 1943 reached port in safety, whereas in 1942, 12 percent of the ships were lost.

Mr. O'NEAL. Do you think you have the submarines pretty well licked?

Mr. Cox. That is out of my field, Mr. O'Neal, but that situation seems to be pretty well under control.

DETAILS OF 1945 REQUIREMENTS

The CHAIRMAN. Taking up the details of the 1945 requirements, there seems to be an apparent discrepancy.

You say in table B of this first document that you require \$7,188,893,000, but according to the sheet given us at page 1 of document No. 14, you total your requirements at \$6,559,745,356. That amount is \$629,148,000 less than the total requirement of \$7,188,893,000; it is that much less than your total requirements as given in the first document.

That \$629,148,000 consists of \$566,000,000 for special commitments and revolving funds found in exhibit III in this small document, \$14,158,000 for administrative expenses in the same exhibit, and \$48,990,000 for services and expenses found in exhibit II of the small document.

We will take up these three items separately later on. They are not included in the large table on sheet 1 of the large document because they are not readily allocable by countries.

Mr. Cox. That is right. They are different types of items. All of these on sheet 1 are supply items. The \$48,000,000 item for services and expenses is justified separately in category 9. Then you have procurement expenses for agencies like the Procurement Division of the Treasury Department and the Agriculture Department.

In the third column on table B you have the revolving fund accounts which are later explained in the sheets and which will also be justified separately because they are different in character.

Mr. JURAN. In the fourth line from the top it shows the total in category 3 in the amount of \$79,880,050.

After category 3, four more lines down, there is a subtable for category 4 in the amount of \$1,033,310,000.

Then if you go on to table B in the first column, there is an estimate for vessels and other watercraft of \$1,033,310,000.

Then if you drop to the next subtable, the third line from the bottom on page 1, there is an amount of \$5,316,955,000. That appears in table B, the first column, under category 7, in the amount of \$5,316,955,000.

The next line, on page 1, is an item of \$129,600,000, which is a subtotal for category 8. That also appears on table B, column 1.

The total shown on page 1 does not appear in any other place and can be ignored for the purposes of this comparison. On table B, the final figure in column 1 is \$48,990,000. That has a separate explanation in exhibit II, two pages later in that same document.

The CHAIRMAN. Would there be any objection, Mr. Crowley, to putting in the record page 1 of this large document, as is?

Mr. CROWLEY. That is right.

The CHAIRMAN. We will put in the entire sheet I.

(The statement referred to is as follows:)

Fifth lend-lease appropriation, all countries, analysis of estimates by fiscal codes

Code	Commodity	Union of Soviet Socialist Re- publics	British Empire	China	French North Africa	French Colonies	Middle East	Greece	Nether- lands
241	Trucks		\$22,000,000	\$26,880,000	\$2,150,000	\$2,319,000	\$700,000		
243	Other automotive vehicles		286,700	960,000	489,250				
244	Miscellaneous automotive supplies, spare parts, etc.		13,479,650	6,723,250	3,765,200	47,000	20,000		\$60,000
	Total category 3		35,766,350	34,563,250	6,404,450	2,366,000	720,000		60,000
310	Watercraft	\$25,200,000							
320	Equipage, services, supplies, and materials	34,000,000	131,500,000						
330	Rental and charter of vessels	148,200,000	654,110,000	15,000,000	16,000,000			\$7,600,000	
	Total category 4	207,400,000	785,610,000	15,000,000	16,000,000			7,600,000	
611	Dairy products and eggs	222,000,000	337,371,000		1,438,000	107,000		2,016,000	150,000
612	Meat and fish	427,500,000	494,803,000			31,000		2,232,000	300,000
613	Fruits and vegetables	96,800,000	189,497,000			60,000		2,808,000	150,000
614	Grain and cereal products	140,214,000	35,224,220			4,150,000		961,600	150,000
615	Sugar, chocolate, and saccharine products	58,415,000	4,460,000		19,237,600				30,000
616	Lard, fats, and oils	304,700,000	106,565,000						
617	Vitamins	19,200,000	2,714,400						
619	Other foodstuffs not classified above	5,000,000	1,221,000		13,517,000				
621	Cotton		88,047,000						
623	Tobacco		64,634,000						
624	Seeds	15,000,000	21,229,000						
629	Other nonfoodstuffs	150,000,000	5,212,310	6,000,000	5,735,700				
631	Machinery tools		16,886,039			4,523,835	1,303,277		
632	Agricultural machinery			190,000	460,000	150,000			
633	Road building equipment, materials, and supplies	5,000,000	3,217,400	9,206,333	3,851,375	351,000			
634	Electric equipment, materials, and supplies	34,350,000	312,000	125,000					
635	Fire-fighting equipment, materials, and supplies			8,239,000	6,674,000	150,000			
636	Railroad equipment, materials, and supplies	82,955,900	43,251,150	20,521,750	8,230,050	1,230,400	524,960		
639	Other machinery and equipment	169,505,000	321,271,900	7,524,443	12,893,241	1,227,000	46,000		
641	Iron and steel	120,483,000	6,549,480	3,277,000	1,810,000				
642	Copper and brass	125,200,000	29,085,000	716,000	15,000				
643	Aluminum	3,700,000	17,100	535,500	20,400				
644	Zinc		12,500	400,000	62,900				
645	Lead		23,491,000						
646	Silver		22,593,164	1,422,733					
648	Other metals and alloys	31,800,000	3,729,650	673,000	1,426,300				
649	Nonmetallic minerals (other than chemical raw materials)	7,400,000	3,131,500		449,700				
652	Phosphates, other fertilizers			1,401,372	9,220,637	300,000			
659	Other chemicals	52,028,400	1,026,292,800	30,324,430	7,379,750		420,000		
660	Petroleum	57,394,500	39,285,000	1,550,000	48,780,250	5,981,700	4,710,000		
670	Textiles, clothing, leather								

Fifth lend-lease appropriation, all countries, analysis of estimates by fiscal codes—Continued

Code	Commodity	Union of Soviet Socialist Re- publics	British Empire	China	French North Africa	French Colonies	Middle East	Greece	Nether- lands
680	Timber products	\$5,030,000	\$68,602,150	\$19,778	\$8,103,300				
686	Drug and health supplies		9,000,000	2,500,000					
688	Rubber and rubber products	56,120,000	123,557,800	5,290,000	3,169,890				
690	All other commodities not otherwise classified	3,000,000	567,700	72,000	1,679,000	\$16,000	\$2,614,000		
	Total category 7	2,192,796,800	3,124,846,422	100,048,339	154,174,093	18,277,935	9,618,237	\$8,017,690	\$750,000
710	Testing, repair, reconditioning of vessels	32,400,000	97,200,000						
	Grand total	2,432,596,800	4,043,422,772	149,611,589	176,578,543	20,643,935	10,338,237	15,617,690	840,000
Code	Commodity	Poland	Yugoslavia	South America	Turkey	Other un- distributed	Total	Reduction to accord with 1944 obliga- tions	Net budget request
241	Trucks						\$54,049,000		\$54,049,000
243	Other automotive vehicles						1,733,950		1,733,950
244	Miscellaneous automotive supplies, spare parts, etc.						24,095,100		24,095,100
	Total category 3						79,880,050		79,880,050
310	Watercraft						23,200,000		23,200,000
320	Equipment, services, supplies, and materials						165,500,000		165,500,000
330	Rental and charter of vessels	\$500,000	\$1,200,000				842,610,000		842,610,000
	Total category 4	500,000	1,200,000				1,033,310,000		1,033,310,000
611	Dairy products and eggs						563,082,000		563,082,000
612	Meat and fish						924,866,000		924,866,000
613	Fruits and vegetables						289,315,000		289,315,000
614	Grain and cereal products						180,699,910		180,699,910
615	Sugar, chocolate, and saccharine products						82,143,600		82,143,600
616	Lard, fats, and oils						411,265,000		411,265,000
617	Vitamins						21,914,400		21,914,400
619	Other foodstuffs not classified above						28,558,000		28,558,000
621	Cotton	2,520,000	6,300,000				88,047,000		88,047,000
623	Tobacco						64,634,000		64,634,000
624	Seeds						36,229,000		36,229,000
629	Other nonfoodstuffs						5,212,310		5,212,310

The CHAIRMAN. The gross requirements on sheet 1 seem to be \$6,906,745,356 in the third from the last column and in the next column there is a decrease of \$347,000,000, which is labeled "reduction to accord with 1944 obligations."

ESTIMATES BASED ON PAST AND CURRENT EXPERIENCE

Mr. TABER. What does it mean when it says "reduction to accord with 1944 obligations"? I do not understand that.

Mr. JURAN. After screening all requests for industrial materials in terms both of need and availability of supply, we found that the total still remaining represented a higher rate of obligation than we had been incurring. We decided, therefore, to reduce our request on the assumption—which may, of course, not prove to be correct that we will not incur obligations in this field at a higher rate than during the last several months or so.

Mr. TABER. In other words, you are limited to the amount that you had incurred in the previous year for these different categories that are itemized?

Mr. JURAN. We have reduced our budget on that basis, although, of course, if we are mistaken, we shall have to come back for more money.

Mr. TABER. That is the object of that column?

Mr. JURAN. That is right, sir.

The CHAIRMAN. Most of that adjustment seems to be in industrial machinery, machine tools, metals, and some chemicals and rubber.

What is the significance of this adjustment in reducing the total 1945 requirement?

Mr. JURAN. The budget which we present to Congress represents our best judgment at the time as to what lend-lease requirements will be. However, before any items on the budget are transferred under lend-lease the individual requisitions are given a very careful reexamination in the light of all the then prevailing facts both as to need and supply. Necessarily it is sometimes found that the shipping or supply situation does not make it possible to send certain of the articles requested because conditions have changed since the time the budget was prepared. What we have done is to apply this experience to our present budget and make an assumption—which may be far from justified by the way things work out—that the present rate of obligation will not substantially increase. Accordingly we have made an adjustment to bring the amounts requested for industrial items and certain other articles and materials in line with that obligation rate. There is no assurance, however, that events will bear our assumption out and we shall have to be back up here again if need, supply and available shipping combine to raise the rate at which lend-lease funds are obligated.

The CHAIRMAN. Of course, the principal question is, Have you taken enough of a look around, or would the committee be justified in looking further?

Mr. Cox. We have taken a careful look, Mr. Chairman; in fact, we may have reduced our request too much.

The CHAIRMAN. You are satisfied yourself?

Mr. Cox. Yes, the budget has been gone over from every possible angle by the combined judgment of people who have the experience, the knowledge, and, I hope the intelligence to do a proper job.

WAR PRODUCTION BOARD PRIORITY NEEDED FOR RELEASE OF CERTAIN ARTICLES

Mr. TABER. Now, Mr. Nelson was advised by you, and according to my recollection he did not give you direct and positive approval of the figure. He says:

You realize, of course, that it is not possible for the War Production Board to make a definite commitment on materials so far as a year and a half in the future. However, I sincerely believe that the program you are submitting to the Seventy-eighth Congress is sound and warrants our full cooperation in making its realization possible.

Now, you are required, as I understand it, before definitely letting go of any of these things to obtain a priority on all of them from the War Production Board, and the picture presented is to what extent our own productive capacity and our own supply situation would be drained out by these allotments to beneficiaries of the lend-lease set-up. That is about it.

Mr. CROWLEY. That is correct.

The CHAIRMAN. Of course, we will have somebody down here from the W. P. B. who can tell us all about this; we will have them down here both on lend-lease and U. N. R. R. A., so that we can get all of that information first-hand.

Mr. Cox. Mr. Taber, I should like to point out two things regarding Mr. Nelson's letter. One is in the second paragraph he points out that the budgetary request has been gone over by the people in the War Production Board, and that, in their judgment, it is realistic, and reasonable, and is capable of fulfillment.

Of course, the actual scheduling and allocation takes place covering a period in the future, and the W. P. B. officials cannot make an iron-bound commitment that every one of the items requested can be supplied under the then existing demand and supply situation. They have checked our budget and have advised that they think it is reasonably capable of fulfillment. That is obviously all they can do at this time.

ALLOCATIONS MADE QUARTERLY BY W. P. B.

Mr. JURAN. The allocations of the War Production Board are not made on a long-range basis but for a quarter of a year in advance. For instance, at the present time allocations are being made for the third quarter. That is the extent to which firm allocations can be made.

Mr. TABER. You mean being made for the third quarter in the calendar year?

Mr. JURAN. Yes, sir; that is correct. The War Production Board reserves the right, and very properly so, if changing conditions come along, of changing those allocations.

Mr. TABER. Can you supply us with a memorandum indicating the quantity of these items in dollars that will have gone to each of these beneficiaries during the fiscal year 1944 when we get to the end of it?

Mr. Cox. Yes.

Mr. TABER. It would be more or less of an estimate for the last 3 months, of course.

Mr. Cox. Yes, sir.

Mr. TABER. Give them by country and by category.

Mr. COX. And by dollar value?

Mr. TABER. Yes, and by dollar value.

Mr. COX. Yes, sir.

(The statement referred to cannot be prepared in time for the printed hearings but will be furnished to the committee.)

Mr. TABER. I am wondering to what extent these figures show the increase over what has been done for these countries this year?

Mr. JURAN. In the individual sheets which are before you that is shown for each type of commodity. There is a comparison of what has happened during the current fiscal year and what is estimated in the budget for the fiscal year 1945.

Mr. TABER. Where is that?

Mr. JURAN. On each of these pages there is a so-called impact statement for each of these commodities.

Mr. TABER. But that is only as to category.

Mr. COX. That is right.

Mr. TABER. As to each commodity, but it is not shown by country, so that one country might be receiving a good deal more than it did this year, and the other countries might happen to be getting considerably less, so that that would not get at what I had in mind getting a picture of.

(Discussion off the record.)

SUPPLYING MACHINE TOOLS

Mr. LUDLOW. I notice from Mr. Crowley's statement it reads as follows:

In recognition of this situation, the determination was made that beginning November 15, 1943, machine tools and industrial equipment would in general no longer be supplied Great Britain under lend-lease. These items are now purchased by Britain for cash.

I wonder if you could elucidate on that a little bit in connection with this \$150,000,000 item.

Mr. COX. The \$150,000,000 item you have reference to is for Russia.

Mr. LUDLOW. You are still supplying machine tools on a lend-lease basis to Russia?

Mr. COX. Yes.

There is under discussion a plan to cover, I think, in part the problem that Mr. Taber has in mind, which I think the committee ought to hear discussed in executive session.

USE OF LEND-LEASE COMMODITIES AFTER TERMINATION OF THE WAR

Mr. WIGGLESWORTH. You mean the use of these lend-lease commodities after the termination of the war?

Mr. COX. Yes.

Mr. WIGGLESWORTH. What is the general provision now in that respect, Mr. Cox?

Mr. COX. All of the master agreements provide that this Government can recapture any supplies not destroyed, consumed, or exhausted.

Mr. WIGGLESWORTH. As of the present time, all aid would terminate with the end of hostilities?

Mr. CROWLEY. That is right, subject to an orderly liquidation.

Mr. COX. You mean the end of total hostilities?

Mr. WIGGLESWORTH. Well, supposing Germany folds up tomorrow, what is the legal status of lend-lease aid?

Mr. COX. That would depend on what the status of the Japanese war was, and who was fighting.

Mr. WIGGLESWORTH. And as long as the Japanese war goes on aid is available to any of these countries we are considering here?

Mr. COX. Yes; if the aid contributed to the defense of the United States. I should assume that whether the aid would continue, and in what amount would depend on the participation of the various countries in the combined effort of defeating the Japanese.

Mr. WOODRUM. Of course, we assume that even with the cessation of hostilities with Germany that these Allies are still going to be our allies in the Japanese war, and it would not affect the basic principle of lend-lease, but it might affect the character of it.

Mr. LAMBERTSON. Do you think Russia will be our ally in the Japanese war?

Mr. WOODRUM. Surely.

Mr. TABER. We have not anything to indicate that so far in public. I do not know whether we have any other way or not.

Mr. WIGGLESWORTH. What is that \$4,769,000 item under "Other undistributed"?

HEALTH SUPPLIES

Mr. JURAN. It is for health supplies, some of it is for the Middle East, but most of it for Algiers, Tunis, Morocco, and some of the French territories.

Mr. WIGGLESWORTH. Why is it undistributed?

Mr. JURAN. Because there are so many countries there. Rather than making a great many columns which would make the page unwieldy, it has been lumped into one item.

SATURDAY, MAY 6, 1944.

WAR SHIPPING ADMINISTRATION

STATEMENTS OF REAR ADMIRAL EMORY S. LAND, ADMINISTRATOR, AND WILLIAM U. KIRSCH, BUDGET OFFICER

The CHAIRMAN. Admiral Land, I believe that you are in the very happy position, and the very unusual one, I must say, although we listen to you always with pleasure, of not asking for any money, unless you might be considered to be interested in this \$25,000 for the Greek Seamen's Home. I do not think you are even asking for any administrative expenses at this time. I suppose that is taken care of in your regular War Shipping Administration estimate, which is before us.

Admiral LAND. Yes, sir.

UNEXPENDED BALANCES OF APPROPRIATIONS FOR VESSELS AND OTHER
WATER CRAFT AND SERVICING AND REPAIR OF SHIPS

The CHAIRMAN. Put I see that you are interested in some balances which you anticipate will exist on June 30, next, in the two categories shown in this smaller orange-colored document. It would somewhat relieve the situation if these documents were numbered. There are two categories, No. 4, vessels and other watercraft, and category 8, servicing and repair of ships, in which it is stated that there will be unobligated balances on June 30, 1944.

In the first one you anticipate an unobligated balance of \$1,033,-310,000, and in category 8 it is estimated that you will have an unobligated balance of \$129,600,000, totaling \$1,162,910,000, as your part of the \$7,188,893,000 total request. Admiral Land, your estimated balance here in category 4, on June 30 next, is placed at \$736,-299,000, shown in column 1, table C, of this small book. I assume that was based on your balance as of the end of February and projected on to June 30? That is purely an estimate, is it not?

Admiral LAND. Yes, sir.

BASIS FOR ESTIMATE

The CHAIRMAN. Have your March figures caused you to make any readjustment in this estimate?

Mr. KIRSCH. I should like to explain that the figures in the orange-colored booklet are those of the F. E. A., and apparently represent the unobligated balances of appropriations to F. E. A., rather than the unobligated allocations to the War Shipping Administration. The allocations to the War Shipping Administration will be fully obligated before June 30, and, as a matter of fact, the figures that we have now show a small deficiency to June 30 which F. E. A. will make up to us. The F. E. A. has distributed the June 30 unobligated appropriation to these categories in order to allow us, for the fiscal year 1945, to meet our anticipated obligations in 1945. I am not familiar with the method of arriving at these figures. In fact, this is the first time we have had them before us.

The CHAIRMAN. You did not make these estimates?

Admiral LAND. No, sir.

The CHAIRMAN. These were made for you based on the February figures?

Admiral LAND. Yes, sir.

The CHAIRMAN. You do not know whether the March figures which have become available since that time have made any material change in these estimates?

Mr. KIRSCH. According to our estimates to June 30 for the War Shipping Administration, the allocations which have been made to the War Shipping Administration to March 31 will be just about \$2,000,000 shy of the obligations that we anticipate to June 30, but the F. E. A. will make that up to us. The remaining balance of \$736,000,000 in category 4 and \$168,000,000 in category 8 is the balance of the appropriations available to them, and not the balance of the allocations to the War Shipping Administration.

The CHAIRMAN. Do you still feel at this time, this having been made some time ago, that you will have an unobligated balance on hand as of June 30, 1944?

Mr. KIRSCH. I feel that these two unobligated appropriations to F. E. A. will be available to make allocations to the War Shipping Administration for 1945, to meet our estimated obligations in 1945.

Mr. JURAN. We can explain the way these tables were prepared, Mr. Chairman.

The CHAIRMAN. Suppose at this point in the record you insert a statement clarifying that situation.

Mr. JURAN. We shall be very glad to.

Admiral LAND. I have a brief statment here. Mr. Chairman, in the recent hearings before the House Committee on Foreign Affairs on the extension of the Lend-Lease Act, a comprehensive statment was submitted dealing with the lend-lease activities of the War Shipping Administration and the Maritime Commission. With the committee's approval I should like to incorporate that statement herein by reference and limit my comments in this statement to a brief discussion of the fifth lend-lease budget as it relates to the War Shipping Administration. No funds are included to cover construction of vessels by the Maritime Commission.

Mr. Crowley has asked whether United Nations' vessels will be able to lift, during the 1945 fiscal year, lend-lease material aggregating 14,000,000 short tons of dry cargo and 182,000,000 barrels of wet cargo. We have stated that although it is not possible to make a firm commitment in view of the constantly changing conditions of war, it appears reasonable to expect that the foregoing tonnages of lend-lease cargo can be moved during the coming fiscal year.

War Shipping Administration's requirements in the 1945 lend-lease budget under consideration total \$1,167,435,000. Of this, 71 percent is for ocean freight, 11 percent for essential services and supplies to foreign-flag vessels in United States ports; about 12 percent for repairs to such vessels; and the balance of 6 percent for vessels, equipment to be exported for the repair of vessels in foreign ports, and other miscellaneous shipping services.

These perecentages indicate that War Shipping Administration's most important lend-lease job is the transportation of essential munitions and materials required by our allies at the fighting fronts. The Budget estimate covering freight on cargoes to the United Kingdom shows a substantial reduction under requirements for this purpose during the current fiscal year. This is attributable in large part to the transportation, on vessels chartered to the British under lend-lease, of cargoes formerly moved on War Shipping Administration vessels. Since these vessels on charter to the British are manned and operated by them, the responsibility for meeting operating and maintenance expenses is effectively shifted from our shoulders to theirs.

The estimate for services and supplies covers only the essential port expenses, stevedoring, bunkers, stores, and provisions required by foreign-flag vessels in United States ports. These requirements are checked against War Shipping Administration's own operating experience for the trades in which the vessels are regularly employed.

Voyage repairs to foreign-flag ships are limited to work required for seaworthiness, cargoworthiness, and safety of the vessels.

A detailed break-down of War Shipping Administration's requirements by categories and countries is given in the statement of Budget estimates which has been submitted to the committee by the Foreign Economic Administration.

Now, the statement that I made before the House Foreign Affairs Committee accompanies this. It is rather long, but it answers many of the questions that were pertinent at that hearing on the legislative side, and it attempts to answer certain pertinent questions in some parts of the 7 pages of it that this committee would be particularly interested in, as it involves the basis on which estimates are made, the number of sailings, and how they are distributed.

Mr. TABER. I am going to suggest that you go ahead with it, Admiral.

Admiral LAND. I shall be very glad to.

The CHAIRMAN. Yes; if you will.

Admiral LAND. It was addressed to the Foreign Relations Committee, and I will read it all:

Mr. Chairman, your committee is already familiar with the record of the Foreign Economic Administration and its predecessor, the Office of Lend-Lease Administration, in providing our allies with munitions and materials essential to the gigantic war effort in which we are now engaged. You know, too, where the responsibility lies to furnish the ocean-borne transportation for these huge supplies. The Maritime Commission builds the ships and the War Shipping Administration operates them.

Last year there was outlined the scope of War Shipping Administration and Maritime Commission operations. Those things are true today with this difference: the record of achievement in the last year is markedly better.

The shipbuilding record, for example; between January 1, 1941, and January 1, 1944, there were constructed in the United States 2,861 vessels—dry cargo, tankers, and miscellaneous coasters, barges, and tugs aggregating 28,844,705 tons, dead weight. Of the total dead-weight tonnage constructed during the past 3 years approximately 80 percent was in the form of vessels of the dry cargo type, and about 17 percent was in the form of tankers; the remaining 3 percent consisted of miscellaneous vessels. The tonnage constructed in 1943 was more than double the 1942 achievement, and in 1944, we propose to add approximately another 18,500,000 dead-weight tons. This is an accomplishment that stands on its own fete.

All of the tonnage which has been built is not now afloat. We have suffered many losses from enemy action. I am happy to pay tribute to the naval convoys, and air services, British and American, which have reduced our sinkings by enemy submarines to a small fraction of what they were at their peak. But I must warn you of the losses which we may suffer in the months that lie ahead as our military forces transport their supplies closer and closer to Berlin and Tokyo. For security reasons one cannot tell exactly how many ships we have in service today. While this knowledge might not comfort the enemy, it surely would assist him.

Our own ships, last year, carried by far the bulk of the lend-lease cargo shipped abroad. Last year vessels in the control of the War Shipping Administration made 2,876 sailings transporting lend-lease material. Of this total, 2,267 sailings were for Great Britain, her colonies and dominions, 328 for Russia, and 281 for other lend-lease countries. Not only does this represent a marked gain in lend-lease sailings over the previous year, but significantly, a larger proportion of the cargoes loaded actually were delivered. Less than 2 percent of all our lend-lease shipments were lost last year as a result of enemy action, as compared with losses of about 5 percent in 1942.

In this connection you may be interested in our movement of lend-lease cargo to Russia. A year ago we were losing, as a result of enemy action, 12 out of every 100 ships supplying the Soviet Union. That means 12 ships loaded with urgently needed tanks, trucks, guns and weapons of all kinds. Today, only 1 ship out of every 100 on the Russian supply line is being sunk. Today, too, the short Mediterranean route is open. This is the equivalent of a fleet of new merchant ships.

This improvement in our ability to deliver the goods to Russia has not been without effect. Some of the results were announced by Mr. Crowley the other day when he summarized the quantities of aid of various types sent to the Soviets. It is no accident that Russia last summer was able to seize and maintain the initiative against the Nazis. Last summer, for the first time, lend-lease shipments to Russia exceeded the monthly rate of shipments called for by the Russian Protocol.

The President's Protocol Committee prepares a program of shipments for the lend-lease supplies which Russia vitally needs. We are now more than meeting that schedule. As of January 1, 1944, lend-lease shipments of war material amounted to 133 percent of the target set for the first half of the current protocol.

That brings me to another aspect of our shipping picture. The American merchant marine today is a fully integrated part of the United Nations' war effort. The sailing of every cargo vessel and tanker from a United States port is scheduled so as to move the largest volume of war material in the quickest time. The out-bound cargo which we handle is either for the account of the Army, the Navy, or lend-lease, or it is cargo the export of which is deemed essential to Allied war production or civilian needs. Through the collaboration of the State Department, the Foreign Economic Administration, the Army, the Navy, and the War Shipping Administration, all goods moving to port for overseas shipment are controlled to prevent the export of goods not essential to the total war effort.

In 1943 the total of ocean-borne dry-cargo shipments of all kinds from the United States to various ports throughout the world amounted to 46,869,000 long tons of cargo. That was 42 percent more than we shipped in 1942. More than four-fifths of that out-bound tonnage was carried in vessels controlled by the War Shipping Administration.

Of the total dry-cargo carried out-bound last year, approximately 42 percent was for our own Army and Navy, approximately another 42 percent represented lend-lease cargo, and the remainder was, in general, essential civilian cargo, shipped by American exporters to various parts of the world under carefully controlled export programs, which of necessity must be maintained in wartime.

Exports make up only one side of the shipping ledger. The other is the import side. Shipping, commercial trade and lend-lease are all two-way operations. In 1943 imports carried on War Shipping Administration and other vessels from foreign ports to meet our own essential war needs totaled 19,480,000 long tons. This is to be compared with 17,509,000 long tons in 1942. More than four-fifths of the total in 1943 was lifted by vessels under the control of the War Shipping Administration.

The out-bound tonnage carried last year was approximately two and a half times the in-bound tonnage. This is the natural result of the fact that this war is being fought at the other end of our ocean supply lines. Our troops and those of our allies must be supplied at the battle fronts in Europe, Africa, and Asia. The tonnage that we carry to the front lines will inevitably be disproportionate to the tonnage we can bring back.

War necessity requires that imports be controlled as carefully as exports. The War Production Board and the War Food Administration have the chief responsibility for determining our import requirements. In cooperation with these agencies, with the State Department, and with the Foreign Economic Administration, the War Shipping Administration endeavors to work out the shipping agreements to meet these essential requirements and to fit them in with other demands made for wartime shipping.

On our in-bound voyages we take home all of the essential materials, not allocated to our allies, that we can get. Sometimes we may also take on cargo of lesser essentiality when doing so does not impair the full use of our vessels in the war effort. Moreover, something has to be taken on as ballast for proper operations.

I must emphasize that shipping in wartime differs from a normal commercial operation. We need ships so badly to transport the vast quantities of weapons being produced by American technical genius that we can't allow our ships to be tied up in foreign ports for any length of time awaiting a return load. In some cases it is too dangerous to leave our ships under the bombs and guns of the enemy for a moment more than it takes to unload their valuable cargo. In almost all cases docks and port facilities are at such a premium that ships, as soon as unloaded, must yield their berths to in-coming vessels awaiting discharge of their cargo. A tour of some of our ports—both here and abroad—would show you the tremendous achievements which have become a part of our daily operations.

Our primary lend-lease job is that of physically delivering the weapons of war to the people and the places where the most force can be brought to bear against the Nazis and the Japs.

There are other lend-lease operations. The Maritime Commission and the War Shipping Administration, on behalf of the Foreign Economic Administration, supply the essential maritime and shipping needs of lend-lease countries. These include, in addition to the transportation of war material on our ships, the servicing, supplying, and repairing of merchant vessels in United States ports; the

transfer of small boats, tugs, and barges for use in military and foreign operations; the building and leasing of merchant vessels for wartime operation by lend-lease countries using trained crews made up of their own nationals; and the conversion of ships into troop carriers in preparation for the coming European offensive.

The War Shipping Administration checks all requests for lend-lease aid in advance of procurement or the rendering of services. For example, we determine first, whether the furnishing of the aid is in the best interests of the war effort, and second, we examine our ability to supply in the light of all the competing needs. Requests for lend-lease aid are presented on a month-to-month basis covering transportation of war materials, normal ship repairs, servicing and supplying of ships, and other recurring items, while nonrecurring requirements are presented in individual requisitions, detailing the exact nature of the assistance required.

When requisitions for lend-lease aid are formally approved by the Foreign Economic Administration, they are submitted to us with authority either to procure or to render a service. In carrying out the procurement or service under these requisitions, the War Shipping Administration applies its own operating standards based upon its own experience. Voyage repairs to foreign merchant ships are limited to work required for seaworthiness and cargoworthiness of the vessels. Quantities of stores and supplies furnished vessels are restricted to standard requirements for trades in which the vessels serviced are regularly employed. All of our lend-lease operations are carried out with funds made available to us by the Foreign Economic Administration, with the single exception of ships acquired by the Maritime Commission out of its construction funds, and lend-leased, with Foreign Economic Administration approval, to foreign governments.

Ship repairs are a good example of the type of lend-lease aid which we render. During 1943 the War Shipping Administration repaired, under lend-lease, 2,055 United Nations' vessels in American repair yards. Lend-lease has made it possible to pool the United Nations' ship repair facilities so as to obtain maximum efficiency. The objective is to keep as many ships as possible of maximum usefulness. The same principles govern the lend-leasing and reverse lend-leasing of services and supplies. Stevedoring, port expenses, and fuel illustrate the type of services furnished to foreign-controlled vessels. During 1943 more than 6,000 such services were rendered under lend-lease.

One of the places where the lend-lease mechanism has been of great assistance in our shipping operations has been in the utilization of the skilled seamen of foreign nations. Great maritime nations such as Norway and Great Britain have suffered severe losses in their merchant marine. Moreover, these nations no longer have the capacity to replace their losses with new building. Consequently, in numerous instances, these nations have had a pool of trained manpower but no merchant ships in which they might be put to work.

Norway, for example, had the fourth largest merchant marine in the world when she was made the victim of Nazi aggression. Today, as a result of enemy action and wartime losses the Norwegian merchant fleet has been reduced to less than one-half its pre-war size. This left Norway, a nation with a great seafaring tradition, with a large reservoir of very competent sailors. It was important that the skill and efficiency of these seafaring people should be brought to bear on the Allied side. In order to utilize this pool of available manpower, ships had to be supplied. This we have done under lend-lease authority.

TITLE TO ALL OF THESE LEND-LEASED SHIPS REMAINS WITH THE UNITED STATES

As of February 15 of this year, we had delivered to the Norwegians, under chartering agreements, 11 merchant vessels. Seven of these lend-leased ships were Liberty ships and the rest were dry-cargo vessels of the C-1 type (Diesel-engine propulsion). These vessels are sailed under the Norwegian flag by Norwegian crews. They are operated, however, in the War Shipping Administration's service. Under lend-lease, we have in this way succeeded in utilizing the skill of Norwegian sailors to the advantage of the United Nations.

Similarly, we have lend-leased in the same way, two Liberty ships to China for operation by Chinese crews. Two merchant vessels have also been lend-leased to the Greek Government and two to the Netherlands.

Moreover, we have chartered under lend-lease a number of merchant ships to the British. By the end of April or May we expect to complete the delivery of about 200 vessels covered in the program announced last summer. Ship losses have severely crippled the ability of the United Kingdom to move its

essential war materials. The burden on our merchant marine, therefore, became increasingly heavy. This burden has now been materially lessened by the chartering of vessels to the British for operation under the British flag with British crews. Title remains in the United States.

The chartering of cargo vessels to the British for operation by their own crews under their own flag has several direct and immediate benefits. It utilizes skilled manpower which might otherwise be wasted. In addition, it reduces the volume of lend-lease cargo which has to be moved in War Shipping Administration vessels. This, in turn, means a reduction in lend-lease expenditures to meet shipping costs as well as a substantial reduction in War Shipping Administration operating costs. Finally, these chartering arrangements shift back into British hands some of the operating responsibility which we were forced to assume when the British fleet became badly crippled by the war.

The American merchant fleet now bears the bulk of the shipping responsibility in the struggle against the Axis. Today our fleet—the tonnage of dry-cargo vessels that we own—is at least 40 percent greater than that of any other nation, and, in fact, exceeds the fleets of all the rest of the United Nations combined. Our vessels now operate in every kind of trade throughout the world. Consequently, they require services, supplies, and repairs in the ports of almost all of the United Nations. These disbursements in the United Kingdom and her colonies, as well as in Australia, New Zealand, and India, are being met under reverse lend-lease. These reverse lend-lease arrangements have been worked out by the War Shipping Administration and the Foreign Economic Administration with the respective governments in line with the over-all agreements between the United States and the several governments. We estimate that the value of this reverse lend-lease assistance in services related to shipping alone is presently accruing at the rate of more than \$80,000,000 per annum.

In the President's twelfth report to Congress on lend-lease operations, the value of shipping and shipping services furnished as reverse lend-lease by the United Kingdom alone—excluding the Dominions—totaled \$169,000,000 for the period ended June 30, 1943. This included disbursements of the type just mentioned, on Army, Navy, and War Shipping Administration operated vessels. It likewise included transportation services and the use of full ships supplied by the United Kingdom Government to the Army, Navy, and the War Shipping Administration. All Army and Navy cargo moving on British vessels is carried under reverse lend-lease without charge. Likewise the transportation on British vessels of the raw materials supplied to the United States as reciprocal aid is moved freight free.

One could multiply examples of the uses of lend-lease in promoting efficiency and flexibility in the operation of our merchant fleet. One illustration is the efficient and interchangeable loading of lend-lease and Army ships which has been worked out for lend-lease and Army cargo. For example, the vessels made available to the Army, especially those going to the United Kingdom, may carry lend-lease goods (usually weight or bottom cargo) whenever this results in more efficient loading of the vessels. Likewise, Army material (usually measurement cargo) is often loaded on ships carrying primarily lend-lease cargo in order to utilize as fully as possible the weight and cubic carrying capacity of the vessels. Shipping space is still our most valuable war commodity, and every effort is made to use it fully. Another illustration of efficiency under lend-lease is the highly technical and specialized procedure worked out for procuring and forwarding to loading ports the vast quantities of war materials destined for different Allied Nations. Lend-lease made possible a centralized control over this process. Nowhere in the complex machinery of wartime supply, procurement, inland transport and shipping do the gears mesh better. This is in itself the strongest kind of justification for lend-lease.

Last year, I testified that I favored the extension of the Lend-Lease Act. I also testified that lend-lease, and reverse lend-lease, in my opinion, should not be abandoned. My conviction on this subject is the same, if not even greater, today. Under the lend-lease mechanism we have worked out a smooth and flexible system of interallied war supply. To disrupt that system would be to imperil not only allied unity but the ability with which we can supply out joint forces in the coming hour of decision. We have worked out under lend-lease a system of pooling war resources and the war potential of the United Nations. This system has yielded excellent results. I believe it is imperative in the national interest, not only that the Lend-Lease Act be extended, but that it be left unchanged.

PURCHASE OF VESSELS AND TANKERS

The CHAIRMAN. Admiral Land, the total that you request, \$1,162,910,000, is divided into four items which are set forth in the large orange book, beginning on page 6, pages 6, 7, 8, and 9, one page to each item. The first item is an estimate of \$25,200,000 for purchase of vessels and tankers. Possibly we ought to have this testimony off the record. If you prefer, we will go off the record now, and will you tell us what is covered by this?

Admiral LAND. In addition to the \$1,162,910,000 on pages 6, 7, 8, 9, and 53 now before you, we have requested the sum of \$4,525,000 under category No. 9, which does not appear in these pages. The total of the War Shipping Administration request is therefore \$1,167,435,000.

(After discussion off the record:)

PORT EXPENSES, STORES, AND PROVISIONS

The CHAIRMAN. We will take up next the item on page 7 of \$165,500,000, covering port expenses, stores, and provisions; maintenance of defensive equipment; repair of equipment for export, and the filling of bunkers of merchant vessels with fuel oil.

This expense, Admiral, is all occasioned by the furnishing to vessels of the Allied Nations of this type of service indicated here?

Admiral LAND. That is correct.

The CHAIRMAN. Do you wish to make a statement on that?

Admiral LAND. I could elaborate slightly if that would help; but it is in the record on page 7 of the notes on the lend-lease appropriation where it breaks down the items and makes somewhat of a comparison of them. If you choose, I could incorporate this here, in addition.

The CHAIRMAN. You might do that at this point.

Admiral LAND. Yes, sir.

(The information requested is as follows:)

Port expenses, stores, and provisions includes berthing charges, towage, medical inspections, port dues, food, medicine, and various supplies for the crews during the voyages, coal or oil bunkers, etc.

Dry-cargo vessels are mainly freighters. However, these include also troop ships such as the *Queen Mary* and the *Queen Elizabeth* which provide transportation for many United States troops under reverse lend-lease.

Maintenance of defensive equipment includes gun racks, gun mounts, ammunition boxes, shell racks, drift targets, and miscellaneous hardware for British-controlled merchant vessels as they put in at United States ports.

Repair equipment for export includes spare propellers, anchors, chain, instruments, and such gear taken aboard in this country but not installed in our ports. Much of this equipment is for repairs to EC-2 type Liberty vessels which have been lend-leased to the British by us. Fishing-equipment for the Russian Arctic fishing fleet is another item.

Excess bunkers involves filling the fuel oil tanks of merchant vessels to capacity in our ports and discharging the surplus at United Kingdom ports. This is a means of utilizing tanker capacity which would otherwise be waste space.

RECIPROCAL SERVICES RECEIVED FROM ALLIED NATIONS

The CHAIRMAN. I might ask if the Allied Nations furnish this type of service to our vessels when they are in their ports?

Admiral LAND. Yes, sir; our port expenses, stores, and provisions include berthing charges, towage, medical inspections, port dues, food, medicine, and various supplies for the crews during the voyage, coal or oil bunkers, and so forth.

United States vessels which go in Russian ports similarly are supplied.

United States vessels are supplied at British ports under reverse lend-lease with the same type of materials which we supply the British in our ports.

The CHAIRMAN. Are all of those services rendered at our own ports, or are some of them rendered at other ports where we have supplies on hand?

Admiral LAND. Those are all in our United States ports. There are exceptions, as indicated later, where we ship spare parts abroad. Repair equipment for export includes spare propellers, anchors, chain, instruments, and such gear taken aboard in this country but not installed in our ports. Much of this equipment is for repairs to the EC-2 type Liberty vessels which have been lend-leased to the British by us. Fishing equipment for the Russian Arctic fishing fleet is another item. Other than that, which is relatively small, they are all done in United States ports.

The CHAIRMAN. And these amounts are all based upon current rates of expenditure?

Admiral LAND. Yes, sir.

The CHAIRMAN. It is determined from your experience, based both on the number and type of vessel, and the average cost per vessel?

Admiral LAND. I think this is more accurate than anything we have submitted before.

Mr. WIGGLESWORTH. How does this total compare with the total for the fiscal year 1944?

Admiral LAND. It is considerably less. I will ask Mr. Kirsch to say just how much. It is very difficult for me to compare this page 7 with anything we have in our budget for 1944 in this division, but dry cargo vessels appears in the estimates we made in 1944.

Mr. WIGGLESWORTH. Can you give us some figure for the record?

Admiral LAND. I will put the amount in the record for comparison here. I think that would be easier than to attempt to quote it here. we can do that.

(The information requested is as follows:)

The War Shipping Administration budget estimates for the fourth lend-lease appropriation covered the period May 1, 1943, to June 30, 1944—a period of 14 months. The comparisons shown below are therefore broken down to indicate the total for the 14 months and a separate column of pro rata proportion for the 12-month period, fiscal 1944.

[In thousands of dollars]

	Fiscal code	May 1, 1943, to June 30, 1944			Fiscal year, 1945
		Total	Pro rata		
			May 1, to June 30, 1943	Fiscal year, 1944	
Category 4.....	310	78,500	11,215	67,285	25,200
Do.....	220	183,000	26,143	156,857	165,500
Do.....	330	1,414,754	202,108	1,212,646	842,610
Category 8.....	710	279,300	39,900	239,400	129,600
Category 9.....	830				4,525
Total.....		1,955,554	279,366	1,676,188	1,167,435

RENTAL AND CHARTER OF VESSELS

The CHAIRMAN. On page 8, your largest item there is \$842,610,000 for rental and charter of vessels. Give us a statement on that item. It seems to be practically all for lend-lease dry cargo and tanker cargo.

Admiral LAND. That is broken down, really, into seven parts. The largest, of course, is the ocean freight on dry cargo vessels, allocated by W. S. A. The second is ocean transportation on bulk petroleum products in tankers allocated by W. S. A.; then transportation limited to military and Red Cross personnel, members of the merchant marine, and prisoners of war and their escorts; similar United States personnel being transported on British vessels under reverse lend-lease. The next item is our own vessels, manned by American crews, which pick up some military cargoes and personnel between the ports in Australia, including New Guinea. This is due to poor railroad facilities for distributing between points in Australia, and it is more expedient to make certain transfers by vessel.

The next item is entirely a military operation, carrying military cargoes and personnel.

The next one covers transportation of parcels and part cargoes to all parts of the British Empire in W. S. A. vessels, as well as some shipments on free Norwegian vessels on which dollar freight is payable.

Then there is the item of Dutch vessels operated by the British who pay part of the charter hire in sterling and we pay the remainder in dollars. Similarly, the British pay the sterling portion of charter hire for Dutch vessels allocated to W. S. A. for operation, as well as the war-risk insurance and nondollar expenditures.

Those cover the primary explanatory notes on the various items, and I think cover them quite specifically.

The CHAIRMAN. A considerable amount of lend-lease freight is carried by vessels of Allied Nations for which we pay no freight cost; is it not?

Admiral LAND. Yes, sir; that is correct.

The CHAIRMAN. There is no cost attached to it?

Admiral LAND. There is no cost to us.

The CHAIRMAN. Of course, we also have a large part carried by our own vessels. What part of this item is paid over to the War Shipping Administration and included as a part of War Shipping Administration revenues which we discussed the last time you were before us?

Admiral LAND. The greater portion of this is a debit that we extend and recover from F. E. A. Lend-Lease, and we merely act as the agency for Lend-Lease and primarily, of course, as a transportation agency.

The CHAIRMAN. Are these sailings and the cost of them as indicated on this sheet based on the cost data of ship operation which you explained to us when we had up the appropriation for the War Shipping Administration?

Admiral LAND. Yes, sir; that is correct.

The CHAIRMAN. And they represent the cost of chartering and operating ships, or are there factors of cost of haulage of freight at so much per ton, as in commercial business?

Admiral LAND. That is correct.

(After discussion off the record:)

The CHAIRMAN. I note, for example, that for the dry-cargo vessels the items are broken down into the number of sailings.

Admiral LAND. That is correct.

The CHAIRMAN. While, for tanker assistance, only the lump sum of \$383,880,000, is given.

Admiral LAND. That is right.

The CHAIRMAN. That is because there is considerable speculation about the tanker situation—or how was the total figure arrived at?

Admiral LAND. No; that is because we cover that in one group and one organization. The only division we make there is what we call in tanker phraseology “west gap” versus “east gap”; the west gap being oil that comes from the Western Hemisphere, and east gap oil which comes from other parts of the world. And each is broken down into various trade routes with the quantity in tons and the freight, which makes up the total of \$383,880,000. That really covers the oil transportation of the United States tanker fleet in lend-lease service throughout all parts of the world. That is the longest explanation here in our justifications but, again, I think it would just encumber the record and probably would not be very good “ball” to put it all in.

CHARTER HIRE

Mr. LUDLOW. How much tonnage do you have operating under charter?

Admiral LAND. Of course, most of the tonnage we operate now belongs to the United States; of the balance, part is bare-boat chartered and part-time chartered.

As explained in our W. S. A. hearings, we utilize operating personnel of the United States under three bases; general agents, berth agents, and subagents. Rather than to attempt to do it all from Washington, as I told you before and repeat with as much strength as I have, we do not want to try to operate this fleet from Washington. We just have not the capacity, the personnel, and the brains to do it. So it is all under charter in that respect.

Mr. LUDLOW. What did you say your figure is for charter hire?

Admiral LAND. On bare boat, based entirely on dry cargo, old ships, it is \$1.25.

Mr. WIGGLESWORTH. Is it the same rates you gave us under W. S. A.?

Admiral LAND. Yes; we included in the testimony on the W. S. A. budget, now before your committee, charter parties and schedules of charter hire rates.

VARIANCE IN COSTS OF SAILINGS

The CHAIRMAN. Are there any further questions?

Mr. TABER. Yes; I have one or two on the set-up of the sailings.

On the sailings to North Russia, the figure is \$500,000 an item; to the Persian Gulf, it is \$245,000 apiece.

Admiral LAND. Yes, sir.

Mr. TABER. Then to the United Kingdom—that means to England, practically, does it not?

Admiral LAND. Yes, sir.

Mr. TABER. That is \$200,000 apiece. Then, to the Persian Gulf again, it is \$300,000 apiece; to the Indian Ocean, \$400,000 apiece.

Now it looks to me as if some of these were on one basis, and some on another.

Admiral LAND. That is quite true.

Mr. TABER. To the same place.

Admiral LAND. Well not exactly; freight rates govern in each case.

Mr. TABER. Now are these operations of your own ships, largely, or are they charter hire, mostly?

Admiral LAND. They are operations of our own ships and charter ships. They are United States, principally.

Mr. TABER. For instance, there is \$245,000 in one place for a sailing, and in another place \$300,000 to the same destination.

The CHAIRMAN. The size of the ship would have something to do with that, would it not, Admiral?

Admiral LAND. Yes; but there would be more than that in it here.

(After discussion off the record:)

Mr. TABER. Have not you been able to make any cuts in your costs on those things?

Admiral LAND. Yes; they are very materially cut over last year, all the way along the line, and that is one reason for the discrepancies discussed yesterday, all of them very vital reasons as far as we are concerned, of why they are in our estimates, which may help out the testimony given by some other people.

(After discussion off the record:)

Mr. TABER. Why should it cost \$200,000 for a trip to the United Kingdom, and only \$245,000 to the Persian Gulf?

Admiral LAND. Well, your \$200,000 is the freight. You have about 8,000 tons at \$25 a ton average rate. That is not such a very high rate per ton, especially under present conditions, with operating expenses and the expense of everything having gone up, including wages of personnel.

And Mr. Kirsch invites attention to the fact that is \$200,000 this year and was about \$300,000 last year. So that they have come down very materially.

Mr. TABER. I wonder if you could give us a break-down of that \$500,000 on that North Russia trip?

Admiral LAND. Yes. As I say, I have an explanation for each of the 36 items that comprise the W. S. A. budget estimates.

(The information requested is as follows:)

UNITED STATES TO NORTH RUSSIA SAILINGS

For the fourth lend-lease appropriation covering the period ending June 30, 1944, the War Shipping Administration estimates included ——— sailings per month, United States to North Russia, at an estimated cost of approximately \$540,000 per sailing. The rate was arrived at after taking into consideration the costs of charter hire; fuel, port charges, crew bonuses and overtime; cargo expenses; miscellaneous voyage expenses; war risk insurance; and agency fees.

In reviewing all Allied Nations requests for cargo movements during the fiscal year 1945, it was determined that we could move ——— tons of cargo via United States to North Russian route. This approximates ——— sailings per month carrying ——— tons each. Diversified types of cargo will be moved during the fiscal year 1945, and on the basis of rates per ton it is estimated that \$500,000 per sailing would be a fair estimate of the average cost for each sailing during the fiscal year 1945. It should be noted that the average rate for cargo per sailing amounts to \$62.50 per ton.

(After discussion off the record:)

Admiral LAND. I invite your attention to the fact that ships we sent over there in the latter part of 1942 and 1943 stayed there anywhere from 3 weeks to 9 months. So that no matter what the estimate is, based on experience, it is not particularly accurate, but is the best we can do, and we do not spend it unless we have to. It is possible that costs might reach \$1,000,000 per voyage if ships cannot be gotten out.

Mr. WIGGLESWORTH. There are no definite items that go into that \$500,000 figure?

Admiral LAND. Oh, yes; it is all made up based on experience and I have the definite items here. It all reduces itself down to how much you pay per ton on a cargo ship. It is the freight rate.

SHIPMENTS GOING THROUGH BETTER THAN FORMERLY

Mr. TABER. With the present situation, you are not having very much trouble getting through, are you?

Admiral LAND. Comparatively speaking, no; it is much better than it was.

Mr. TABER. From the submarines, anyway. Do you have much trouble from anything except submarines?

(After discussion off the record:)

Admiral LAND. The menace is very materially reduced and, percentage-wise, this submarine and air menace has pretty nearly disappeared, and the surface menace is slowly disappearing by attrition.

Mr. TABER. Is there any substantial menace from the standpoint of weather conditions that is serious?

Admiral LAND. Yes; there is the ice menace, always; there is the collision menace always, due to the dilution of personnel, etc. And, as I told you when I was here before, the loss of life in two instances from collisions off our own coast was far greater than all of the difficulties we have had with the fracture of plates of the Liberty ships, by five times. Our operational menace, collision, act of God, is always a menace, and that is particularly true of the Archangel route, because it is supplemented by conditions of ice.

Mr. TABER. But it is not as much of a menace as it has been?

Admiral LAND. No, sir.

Mr. TABER. At the present time, probably, because some of the other things have eased off?

Admiral LAND. That is true. Also, we are getting some ice breakers in there that help the situation out.

Mr. TABER. Now in these sailings to the United Kingdom, you are not having anything like the difficulty on those sailings that you did have a year ago?

COLLISION AND OPERATIONAL DAMAGE

Admiral LAND. From the combatant source, no, sir; from the operational source, this has been a pretty tough winter, both from weather and operational difficulties in our collisions—black-out; no radio, lighthouse darkened, and so on, and the very great dilution of operating personnel. They are doing the best they can, but are not as

efficient, due to lack of training and lack of experience. So that our collision damage is great and our operational damage is great.

Mr. TABER. Most of the operations in the Pacific are charged up to other than this lend-lease appropriation?

Admiral LAND. That is true. It is primarily Russia; some Australian, some New Zealand. I wish there were more in China and there will be, God willing, pretty soon, but it has not been anything like as great as we hoped for a year ago.

Mr. TABER. I guess that is all.

FREIGHT COST PER TON

Mr. WIGGLESWORTH. Coming back to Mr. Taber's question on those sailings which call for \$60,000,000, I understood you to say that was based on so many tons and that the whole thing was on a freight cost per ton?

Admiral LAND. Yes, sir.

Mr. WIGGLESWORTH. That means, roughly, something over \$60 per ton of freight?

Admiral LAND. Yes.

Mr. WIGGLESWORTH. That is not out of line with experience?

Admiral LAND. No; it is in line with experience, but it undoubtedly is not particularly accurate. It is nothing like as accurate as our rates to the U. S.-U. K., because of the tremendous uncertainties we have had over there, and we never can tell whether they will come back right away, or not. I again refer to this question of the ice. You put an ice breaker in there, and it will get through X inches or X feet of ice; but, if the ice freezes up a little more, the ice breaker is not worth a damn and you are stuck, and you are stuck until you can get out. So that you are on a route that is full of troubles and grief.

I do not try to tell you this is an accurate estimate; it is not.

Mr. RABAUT. It is the best you can do?

Admiral LAND. Yes, sir.

Mr. KIRSCH. The United Kingdom route is based on an average \$25 a ton freight rate. The item to the Middle East and Persian Gulf is based on \$41 per ton.

Mr. TABER. You mean the \$245,000. It looks to me like it is based on about a \$30 rate.

(After discussion off the record.)

Mr. TABER. How much have sailings to the Persian Gulf cost you so far this year?

Mr. KIRSCH. It is expected to run \$245,000 per voyage. Where other ports in the area are involved, costs have run up to \$310,000 per voyage.

Mr. TABER. That is what it has cost you so far this fiscal year?

Mr. KIRSCH. Yes, sir; it is the rate to the Persian Gulf which is determined to be an average fair rate, of the sailings this year that was used for next year.

Mr. RABAUT. I do not think it is just right to connect that up to the Persian Gulf, because this item says "other southern ports," and that could be a great deal further, a roundabout way, and all that.

Admiral LAND. You are quite right.

Mr. WIGGLESWORTH. You say these rates vary from \$25 per ton to \$60 per ton.

Admiral LAND. Yes, sir.

The CHAIRMAN. Are there any further questions?

Mr. TABER. How much has it been costing you the last 3 months to handle your stuff to the United Kingdom?

Admiral LAND. I would rather put that in, so as to give you a pretty exact figure of what it is. I do not know.

The CHAIRMAN. You may supplement your testimony with that.

Admiral LAND. All right.

(The information requested is as follows:)

For the first 3 months of the present calendar year, January 1 to March 31, 1944 the War Shipping Administration has supplied to the United Kingdom for the account of lend-lease ——— sailings in the various routes indicated in the estimates. The total estimated costs for these ——— sailings is \$51,975,000.

Tanker assistance to the United Kingdom and British Empire for all routes for the first 3 months is estimated to cost \$94,317,400.

Ocean transportation of British personnel in War Shipping Administration vessels for the first 3 months of calendar year 1944, \$2,000,000.

Ocean freight on Australian coastwise cargo transported in War Shipping Administration vessels: For the calendar year 1943 costs will approximate \$12,000,000, for the first 3 months of 1944 only one movement of coastwise cargo has been reported—information on additional movements not yet available.

Hire of War Shipping Administration vessels allocated to British Sea Transport Service—these vessels are made available for strictly military movements and information of services for the first 3 months of 1944 not yet available.

Ocean freight on parcels of dry cargo carried in War Shipping Administration vessels not allocated to British Lend-Lease Service (January 1 to March 31, 1944)—\$3,000,000.

Portion of charter hire on foreign-owned vessels (Dutch vessels)—January 1 to March 31, 1944—\$1,200,000.

Mr. TABER. I would like to know the cost per ton for the first 3 months of the calendar year on each of these routes.

Admiral LAND. Yes, sir.

(The information requested is as follows:)

Current freight rates for transportation of dry cargo shipments, by route

	Average rate per ton
(1) United States to north Russia.....	\$62. 50
(2) United States to Persian Gulf, including intermediate ports.....	30. 75
(3) United States to United Kingdom (North Atlantic).....	25. 00
(4) United States to Middle East and Persian Gulf ports.....	41. 00
(5) United States to Indian Ocean ports.....	53. 25
(6) United States to Australasian ports.....	34. 75
(7) United States to South and East African ports.....	42. 25
(8) United States to west African ports.....	32. 00
(9) United States to north African ports.....	30. 00
(10) Various routes to ports of the French Colonial Empire (including French North Africa).....	27. 75
(11) United States to Indian Ocean and Australasian ports (for China)---	47. 00

TESTING, REPAIR, AND RECONDITIONING OF VESSELS

The CHAIRMAN. We also have, on page 53, an estimate of \$129,600,000 for "Testing, repair, and reconditioning of vessels," which covers repairs, degaussing, conversions, and defense installations for cargo vessels, troopships, and tankers. Let us have a statement of that, Admiral Land.

Admiral LAND. Repairs, degaussing, conversions, and defense installations for approximately 135 British-controlled cargo vessels,

troopships, and tankers per month at \$60,000 per ship is the principal item: \$97,200,000. For Russia, it is \$32,400,000. Those are the high spots, those two items.

The CHAIRMAN. This item is based, I take for granted, on your previous experience, is it not?

Admiral LAND. Yes, sir.

The CHAIRMAN. I note that the amounts for the fiscal year 1945 are approximately the expenditures for the calendar year 1943. If the 1945 figures are based on calendar 1943, is it not possible they might be out of line at this time, in view of the cessation of U-boat warfare and the decreased number of sinkings?

Admiral LAND. They might be. And we hope that will continue, but there may be more operations which, in turn, of course, will involve the expenditure of this amount on a larger number of ships than estimated, and the exigencies of the war are such that nobody can forecast with any accuracy just what might occur. We won't spend it if we do not have to. That is about the best answer I could give to that. And if we have overestimated, we will not expend the amount unless the war emergency requires it.

Mr. KIRSCH. These amounts have been materially reduced. For the United Kingdom, the estimate for these repairs for the fiscal year was approximately \$80,000 per ship. Our recent experience has indicated the cost to have gone down and the estimate for 1945 is reduced to \$60,000 per ship. And in the case of Russia, there is a similar reduction. Our 1944 estimates were \$100,000 per ship for Russia, and they have been reduced for 1945 to \$75,000 per ship.

(Discussion off the record.)

Mr. WIGGLESWORTH. You have \$800,000 more here than you had this year for Russian ships, have you not?

Admiral LAND. Well, there are more ships.

Mr. TABER. How many ships did you have last year?

Mr. KIRSCH. Here is the experience of last year's operations on the ships repaired.

(Discussion off the record.)

Mr. TABER. That gave you one more ship per month than you have scheduled for next year. Now, for the degaussing job, when you do that, does that have to be repeated every little while, or does it continue to hold on?

Admiral LAND. It is repeated.

(Discussion off the record.)

TUESDAY, MAY 8, 1944.

PROCUREMENT DIVISION, TREASURY DEPARTMENT

STATEMENTS OF CLIFTON E. MACK, DIRECTOR, GEORGE LANDICH, ASSISTANT TO THE DIRECTOR, AND ALEXANDER J. DOYLE, BUDGET OFFICER, PROCUREMENT DIVISION, TREASURY DEPARTMENT

GENERAL STATEMENT

The CHAIRMAN. Resuming consideration of the estimate for lend-lease we have Mr. Mack, of the Treasury Department, with us this morning. The total amount of these estimates to be explained by

the Procurement Division of the Treasury Department is \$1,585,657,650. This is divided into a large number of items, and my suggestion is, Mr. Mack, that wherever it is practicable—that is, wherever there is something that should not be put in the record—that these explanatory notes, and I would say for Mr. Cox's benefit, that, if possible, we would like to have them on all other items, that these notes that you have here should go into the hearings, these explanatory notes, because there is the gist of the whole matter. If there is anything in there that should be deleted you may delete that and we will put in the remainder of it.

Mr. Cox. Yes, sir.

The CHAIRMAN. We will have that in mind as we go along because there is the justification as well expressed as it could possibly be expressed.

Have you a general statement before we start on the details of the estimate, Mr. Mack?

Mr. MACK. There are just two or three very brief comments that I would like to make. First, the information furnished by the Foreign Economic Administration indicates that we will be called upon in the fiscal year 1945 to purchase material, equipment, and supplies under the Lend-Lease Act in the total amount of about \$1,500,000,000, which will be at the rate of approximately \$120,000,000 a month.

Since the beginning of the lend-lease program our purchases have run \$3,400,000,000, or, to be specific, \$3,395,697,327, and that covers our operations from April 1941 through March of 1944.

During this period deliveries have been made to the value of about \$2,600,000,000.

The CHAIRMAN. How are you running per month now, Mr. Mack?

Mr. MACK. For this current fiscal year we have been running at just about \$90,000,000 a month. It fluctuates a great deal. In January it was \$135,000,000, and in March it was \$112,000,000.

DELIVERIES

The CHAIRMAN. How about deliveries per month, on a monthly basis?

Mr. MACK. During the period April 1, 1943, to March 31, 1944, deliveries to foreign governments have averaged \$106,534,598 per month.

The CHAIRMAN. The estimates we have had before us, then, I take it for granted, are based on your most recent figures and on your recent experience?

Mr. MACK. Yes, sir.

The CHAIRMAN. All right; you may proceed.

CASH DISCOUNTS ON LEND-LEASE PURCHASES MORE THAN COVER COST OF PROCUREMENT DIVISION'S OPERATIONS INCIDENT THERETO

Mr. MACK. There is just one other thing that may be of interest to you gentlemen, which is this, that the entire cost of the Procurement Division in the handling of its part of the lend-lease program, from the inception of it through March of 1944 was \$10,958,147, which is \$140,388 less than the total of the cash discounts on lend-lease purchases.

The CHAIRMAN. That covers what period?

Mr. MACK. From April 1941 through March 1944. Those are the only comments I have to make.

Mr. WOODRUM. I think that last statement is worthy of emphasis, if you have run your operation and paid for it with less than the amount you have collected from your cash discounts on operations.

Mr. MACK. The cash discounts from April 1941, through March 1944, have totaled \$11,098,535, and our total cost is \$140,388 less than that figure.

The CHAIRMAN. That is a very gratifying record.

SHORT-TERM DISCOUNTS

Mr. TABER. Why would not the Government get these cash discounts anyhow?

Mr. MACK. Many of these were short-term discounts, for example, on steel purchases, one-half of 1 percent in 10 days.

Mr. TABER. Why would not the Government take those discounts anyway? I kind of wonder. You know that it is not the practice of the Government to take these cash discounts?

Mr. MACK. On short-term discounts. The normal practice of the Government has been that discounts for less than 20 days are not considered in evaluating bids, but when we found we were going to have such a large volume of metal purchases for the lend-lease program, and the discount time would be 10 days, we cleared our bills for payment within that time so as to be sure to get the benefit of the full discount.

Mr. TABER. Why do not the rest of them do it?

Mr. MACK. I do not know as to the other agencies.

Mr. TABER. You mean that the other agencies do not take those discounts?

Mr. MACK. The normal procedure of the Government prior to this war program was that, in normal times, discounts for less than 20 days were not considered in the evaluation of bids. When this program started and it was apparent that short-term discounts were going to be a big factor, we conformed to that shorter time.

Mr. TABER. Why do not the rest of them do it?

Mr. MACK. I do not know as to the others.

Mr. TABER. You do not know whether they do or not?

Mr. MACK. No, sir; I imagine they would, of course.

ALL GOVERNMENT AGENCIES TAKE ADVANTAGE OF DISCOUNTS

The CHAIRMAN. All of the agencies of the Government, in your opinion, take advantage of all allowable discounts?

Mr. MACK. Yes, sir.

Mr. TABER. That is why I cannot understand your statement on the saving that you made on the discount. I supposed that it was up to the Government agencies to make their savings. If it is not, I would kind of like to know about that.

The CHAIRMAN. That is what we are asking: In your opinion, do all the Government agencies take advantage of all allowable discounts?

Mr. MACK. I would think so; yes, sir.

The CHAIRMAN. There is no instance in which they have not taken advantage of all allowable discounts that you know of?

Mr. WIGGLESWORTH. He has already stated he does not know.

Mr. MACK. I would presume they do; I do not know definitely.

The CHAIRMAN. You do not know of instances in which they have failed to take advantage of allowable discounts?

Mr. MACK. No, sir.

Mr. TABER. You would not have made that statement that you did here if you thought the rest of them took advantage of the discounts, would you? That is about the size of it; you might just as well come clean about it.

Mr. WOODRUM. I do not think there is any occasion for telling the witness to come clean on anything.

Mr. TABER. Well, when it is all mixed up as to whether it is one way or as to whether it is the other, I am entitled to know.

Mr. WOODRUM. I think Mr. Mack's statement was a very commendable one, even if they all do it. If they do it, it is an interesting thing to go on the record, and an informative thing to go on the record and for the Members of the House and for the country to see that the Procurement Division is running its operation and paying its expenses out of the discounts. That is a thing that any business executive would want to tell his board of directors. That is commendable; it is nothing to jump on the witness about.

The CHAIRMAN. By your inquiry, there is no intimation that the witness is endeavoring to conceal anything, is there?

Mr. TABER. When the witness said, to start with, that he was saving more than his expenses by taking these cash discounts, he was implying to me, at least, and that was the construction that I put on it, that the other Government agencies had not been accustomed to take advantage of those discounts.

The CHAIRMAN. That is a very far fetched conclusion. There is absolutely nothing to justify that.

Mr. TABER. Why would he have made that statement if it was the regular practice? That was the thing that occurred to me immediately, and that made me feel suspicious that that was the situation, and it implied to me, and my construction of his statement was that it was an implied declaration that the other Government agencies did not take the discount, and then when you asked him the question about the other agencies there seemed to be a hedging. Now, I do not know. I am not implying anything, but I am disturbed at that way of presenting things, very much disturbed.

The CHAIRMAN. The gentleman is easily disturbed.

Mr. TABER. No, not at all; I am not easily disturbed.

The CHAIRMAN. You are not implying that the witness is endeavoring to conceal any pertinent information from this committee, are you?

Mr. TABER. No, but when he says or intimates first he does not know, and then begins to cast around to the idea that he expects the other agencies take the discount, it is rather disturbing to have that kind of testimony, and it is not a far-fetched conclusion either, and it is one that makes one feel as though they wanted it cleared up, and I do not exactly like the idea of a false impression being given as a result of the testimony. I would like to have it clean and straight.

The CHAIRMAN. What false impression has Mr. Mack given?

Mr. TABER. I want to know whether the gentleman knows whether the other agencies take the discounts.

The CHAIRMAN. You say there is a false impression. Now, where is the false impression?

Mr. TABER. If one question results in the idea that they do take the discount, and the other one that he does not know, that is rather a false impression. It should be developed in one way or the other.

The CHAIRMAN. I do not think any other member of this committee has any idea that this witness is trying to do anything except give us a forthright statement, to reply frankly to every question asked of him. He has given us all the information he has on the subject, and I think the witness' statement speaks for itself.

Mr. TABER. I think it does; I think that is just it.

Mr. LUDLOW. Mr. Mack was just testifying what his own agency docs. He was not testifying anything about any other agency at all.

Mr. WOODRUM. Everybody that knows Mr. Mack's transactions with this committee and with the Government knows that he would not conceal anything from the committee.

Mr. TABER. He did change the statement with respect to the question asked.

Mr. WOODRUM. He said he did not know what the other agencies did.

Mr. TABER. You can easily find out from the Bureau of the Budget what the other agencies do.

Mr. LAMBERTSON. Why would he not be in a position to know that?

Mr. WOODRUM. Because he is with one agency, and he does not know what the other agencies do.

Mr. TABER. He said he imagined they did do it. If they do not do it, they are certainly derelict, and we ought to know it.

TRUCKS

The CHAIRMAN. Turning now to page 3 in the fifth lend-lease appropriation, details of funds requested, and purpose for which intended, there is an item of \$54,049,000 for trucks. The detailed necessities are set forth quite clearly in the explanatory matter as to each country, and in the accompanying data, but you might give us a general statement for the record, Mr. Mack.

These are largely for domestic purposes, I understand, to help the depleted transportation systems to take care of military needs?

Mr. MACK. Yes, sir. This amount is estimated to be required for trucks for New Zealand, Australia, China, the French colonies, French north Africa, and the Middle East, and while the need varies somewhat in detail as to the various countries they are required for the primary and secondary industries, for example, in New Zealand, such as dairying, meat freezing, textiles, munitions, and so forth, to maintain the wartime economy, and for example, in French north Africa where they have a critical transportation situation, the older trucks in use must be replaced.

The CHAIRMAN. The number provided for here represents 2.1 percent of the 1944 United States production?

Mr. MACK. That is correct.

The CHAIRMAN. Are there any questions, gentlemen?

SOURCE OF PREVIOUS SUPPLY OF TRUCKS

Mr. TABER. Where did these people get their trucks in other days?

Mr. MACK. Prior to the lend-lease program?

Mr. TABER. Yes.

Mr. MACK. I do not have the information as to that. I think it would vary somewhat with the countries.

Mr. TABER. Now, I mean Australia and New Zealand, largely, what would you say as to those?

Mr. MACK. I think, perhaps, the Lend-Lease Administration would be in a better position to answer that.

Mr. Cox. I think over 70 percent of them came from the United States and Canada, before the lend-lease program, and the balance came from England and France and other continental countries, but we can give you the exact figures.

Mr. TABER. You can give us the exact figures?

Mr. Cox. Some of the figures, Mr. Taber, are given on page 5. We can give you the detail including all of them. These are United Kingdom also. It indicates that the vehicles for which repair parts are being supplied are mainly of United States origin, having been bought in the United States for cash, and then in New Zealand the maintenance of approximately 268,000 essential vehicles, of which 165,000 are of United States origin.

(The information requested is as follows:)

PRE-WAR IMPORTS OF TRUCKS

New Zealand: 72 percent from the United States and Canada, 28 percent from the United Kingdom.

Australia: 50 percent from Canada, 38 percent from the United States, 12 percent from the United Kingdom.

China: Over 95 percent from the United States.

French colonies and French North Africa; French Morocco: 85 percent from the United States, 15 percent from France.

Others: 95 percent from France, 5 percent from miscellaneous countries.

Middle East: Most of the countries in this area received from 80 to 100 percent from the United States.

PRICE PER TRUCK

Mr. TABER. Now, I notice that the price per truck of those that go to China is something like \$2,550, and the average price of those that go to New Zealand and Australia is about \$2,300. Why is that?

Mr. LUDLOW. You are talking about unit cost?

Mr. TABER. Yes.

Mr. MACK. They do vary.

Mr. TABER. Why do they vary that much, a couple of hundred dollars apiece?

Mr. MACK. The requirements call for different types of trucks. China, for example, has requested 10,540 trucks. Certain of those are cargo trucks that run about \$2,000 each. Then there are tank trucks that average about \$3,200 each, and large tank trucks that run \$4,000 each. I believe the average price is about \$2,550.

Mr. TABER. That is, for the trucks for China?

Mr. MACK. Yes, China.

Mr. TABER. And the others run about \$2,300?

Mr. MACK. Yes, sir. The average of these prices, I think, is about \$2,400. It is due to the different types and sizes of trucks that make up the total requirements for each of the countries.

Mr. TABER. Your trucks for north Africa run \$2,300 also. I just do not see why the group in China run more money than the others.

Mr. MACK. I think one thing that ran up the average cost for the Chinese requirements was the 1,500-gallon tank trucks. They cost about \$4,000 each, and draw up the average of the total number.

Mr. LUDLOW. Are these trucks already manufactured, or do they still have to be manufactured?

Mr. MACK. They would have to be manufactured; yes, sir.

Mr. O'NEAL. Is the jeep classed as a truck?

Mr. MACK. I would not think so.

Mr. O'NEAL. Off the record.

(Discussion off the record.)

Mr. LUDLOW. These trucks still have to be manufactured. How long will it take to manufacture them? It is an enormous order.

Mr. MACK. That would vary, of course, with the type of the truck. It would take a period of several months, unless, of course, there were certain types such as standard cargo trucks, without any special requirements that could be allotted from existing stocks.

Mr. LUDLOW. Is the need of them likely to change before delivery, would you say?

Mr. MACK. It may, but if so, that would be reflected in the requisitions that would come through from the foreign country.

Mr. TABER. Some of these are shown at \$2,000?

Mr. MACK. Yes, sir. I think the New Zealand trucks run about \$2,000.

Mr. TABER. Yes; they do run \$2,000, and the Australian trucks run a little more, quite a little more.

Mr. MACK. About \$2,400.

Mr. TABER. Yes, \$2,400, and the north African stuff runs \$2,000 to \$2,100, and China, \$2,550.

Mr. MACK. Yes, sir.

Mr. TABER. It is because they are different trucks?

Mr. MACK. That is correct.

Mr. TABER. That is your reason?

Mr. MACK. That is correct.

Mr. TABER. And the ones that are higher priced are the tank trucks?

Mr. MACK. Yes, sir. The number of the different types required affects the average cost.

NUMBER OF TRUCKS PREVIOUSLY SENT TO FOREIGN COUNTRIES

Mr. TABER. How many of these trucks have you sent to these places heretofore, each of them?

Mr. MACK. To the United Kingdom, 17,525.

Mr. TABER. That is the United Kingdom itself?

Mr. MACK. Yes, sir. That would include New Zealand, Australia, and the British possessions, 17,525 trucks.

Mr. LUDLOW. That is the British Empire?

Mr. MACK. That is the British Empire; yes, sir. To Russia, 383, and to all other countries we have sent 2,399.

Mr. LUDLOW. Why have you not sent more to Russia; is that the aggregate number sent to Russia?

Mr. Cox. No.

Mr. MACK. That is the total to date from the beginning of the program.

Mr. COX. There have been more trucks sent to Russia than that.

The CHAIRMAN. What date is indicated there, Mr. Mack?

Mr. MACK. From the beginning of the program through March 31, 1944. These figures are the trucks that were supplied through the Procurement Division.

The CHAIRMAN. This is lend-lease, and in addition the Army has supplied many trucks?

Mr. COX. Most of the trucks that have gone to Russia have been standard Army War Department military trucks?

Mr. LUDLOW. How many?

Mr. COX. I cannot give you the figures, but they run in very substantial amounts to Russia.

Mr. LUDLOW. I thought Mr. Mack said 383 had been sent to Russia.

Mr. MACK. Yes, sir; 383 from the Procurement Division.

Mr. WOODRUM. That is from his Department alone.

Mr. LUDLOW. Yes; from his Department.

OTHER AUTOMOTIVE VEHICLES

The CHAIRMAN. The next is "Other automotive vehicles" on page 4, \$1,735,950, for motorcycles, bicycles, repair parts, and replacements. I think this is fully explained in the comment given at the bottom of the page there, but you might give us a general statement on that.

Mr. MACK. The total requirement for motorcycles, bicycles, and miscellaneous parts comes to \$1,735,950, for China and French North Africa, United Kingdom, and Australia. The Chinese requirement is for motorcycles to be used for highway patrol duties, and the bicycles for personnel transportation, China having a lack of most forms of mechanized transportation.

The Australian requirements cover miscellaneous items, such as bicycle bolts, spokes, nipples, and so forth, to replenish the stocks and to keep the transportation equipment they have going. In the United Kingdom the requirement covers automotive hardware for construction and repair work on military transport and railroads.

Mr. LUDLOW. Does all of this stuff have to be manufactured, these parts, and so forth?

Mr. MACK. The motorcycles would have to be manufactured.

Mr. LUDLOW. Or do you have a stock pile?

Mr. MACK. There may be bicycles. I think the motorcycles, perhaps, would have to be manufactured, because they would probably be special requirements.

Mr. TABER. As of what date will you get delivery of the motorcycles and bicycles, assuming the funds are made available and you can order them now probably?

Mr. MACK. I would have to make an estimate depending on any special needs they want or unusual specifications, but I would say probably 90 days.

Mr. TABER. Ninety days on most of it?

Mr. MACK. I would think so, but on bicycles if we have existing stocks, deliveries would be much quicker.

Mr. WIGGLESWORTH. Your footnote under China seems to indicate a requirement of 10,000 bicycles, but the break-down would appear to call for 5,000 bicycles. What is the explanation of that?

Mr. COX. The requirement is 10,000, but in view of the transportation problems, the requirement was cut to what we estimated could be gotten in.

Mr. WIGGLESWORTH. You are not going to supply 10,000, but only 5,000?

Mr. COX. 6,100.

Mr. WIGGLESWORTH. 5,000 bicycles and 1,100 motorcycles?

Mr. COX. Yes, 5,000 bicycles and 1,100 motorcycles.

Mr. WIGGLESWORTH. 1,100 motorcycles?

Mr. COX. That is right.

COST OF MOTORCYCLES

Mr. TABER. Do motorcycles cost \$800 apiece?

Mr. MACK. With side cars they run about \$750 each. Without side cars, they run from \$300 to \$600 each depending on size and type.

Mr. TABER. Do you get most of them with the side car?

Mr. MACK. A certain proportion of these are with the side car.

Mr. TABER. You have them all set down for \$800.

Mr. MACK. The China requirement is for motorcycles with the side car and the estimate is \$750 each.

Mr. TABER. For French North Africa some of them seem to be about \$400 and then there is another group of bicycles, about the same as the others.

Mr. MACK. Yes, sir. French North Africa averages \$400 for both types of motorcycles and runs \$25 to \$27 on the bicycles.

Mr. TABER. Do they not make those things out in Australia, and do they not make them in the United Kingdom, this automotive hardware? I can see where they would need spare parts and replacements for things that were made in this country, but I should think they would be making that sort of thing over there in the United Kingdom and in Australia.

Mr. COX. These are in the main for items which were originally supplied from the United States, or where supplies are not available in the United Kingdom or Australia. That is checked very carefully to see whether they produce any of those articles in the Empire before they are sent to any part of the Empire.

AUTOMOTIVE REPLACEMENT PARTS AND ACCESSORIES

The CHAIRMAN. The next item is on page 5, \$24,095,000 for automotive replacement parts and accessories. That item seems to be fully justified in the justifications, but you may give us a short statement, if you will, for the record.

Mr. MACK. These automotive replacement parts and accessories are for the United Kingdom, Australia, New Zealand, India, the British colonies, China, French North Africa, the French colonies, the Netherlands, and the Middle East, and they are, of course, for maintenance purposes and upkeep.

The CHAIRMAN. They are apparently for the repair and rejuvenation of motor vehicles which were originally purchased in the United States and which are now essential to the transportation systems of these countries.

Mr. MACK. Yes, sir.

The CHAIRMAN. Which cannot be secured anywhere else?

Mr. MACK. Yes, sir; they have to be supplied from here.

Mr. LUDLOW. Those parts cannot be secured anywhere outside of the United States, can they?

Mr. MACK. I would not think so. I know the requests that we receive usually specify a particular part for a specific vehicle.

Mr. TABER. Are those requests for parts of cars that were made here, or are they on something else? If you do not know, just check it up and put it in the record.

Mr. MACK. In the United Kingdom these parts are required for maintenance of nonstandard military motor vehicles and for maintenance of civilian- and Government-owned motor vehicles used in essential services.

Mr. COX. They are mainly for United States vehicles of those of 1937 or older vintages, for parts necessary to keep them in operation for essential war purposes.

Mr. LUDLOW. Those parts are not manufactured outside of the United States?

Mr. COX. That is right.

Mr. WIGGLESWORTH. Is there some measure in dollars and cents or a percentage yardstick which you apply per vehicle or per airplane, or how do you arrive at the figure?

Mr. COX. That is given at the lower left hand side of the page, Mr. Wigglesworth.

Mr. WIGGLESWORTH. That applies to the whole page?

Mr. COX. Yes.

Mr. WIGGLESWORTH. And what is the impact on the domestic supply of this proposal?

Mr. COX. Over-all it is 3 percent; and that was, for last year 2.9 for this item.

Mr. LUDLOW. What was the percentage of American production?

Mr. COX. All of this is automotive supplies.

MACHINE TOOLS

The CHAIRMAN. On page 24, \$169,235,700 for machine tools.

Mr. MACK. That requirement has been reduced to \$134,135,700.

The CHAIRMAN. For the first item, for trucks, I see they are asking for only 2½ percent of the 1944 production whereas you are here asking for more than half of the United States production in 1944; to be specific, 52 percent of the estimated 1944 production. That is an impressive percentage to be sent abroad, and we would like to have you tell us something about this; a vast amount of it goes to one country, and I think we would all approve the consignment to that country, but I wish you would explain it from that point of view.

Mr. MACK. This information was developed by F. E. A. in conjunction with farm machinery, and perhaps they had better explain it to you.

Mr. Cox. You are aware of the fact that the productive capacity of the machine-tool industry, from 1939 on, went up almost in a straight line. The United States is pretty well tooled up for war production so that a 50- or 52-percent impact for the years 1944 and 1945 would be a completely different thing than what it was for the year before we got enough machine tools produced to cover the needs in the United States.

The CHAIRMAN. Our domestic needs will not be in any way stinted?

Mr. Cox. No. You will notice, Mr. Chairman, that in 1943 the supply was over a billion dollars. The cut-back is shown there in the 1944 estimated supply of \$325,000,000, because the needs for the United States decreased so materially.

Even with the higher percentage there will be no material effect on our plants, and the reason for the relatively big need in Russia is that their war plants were destroyed either by Germany or themselves as a result of the scorched-earth policy.

The CHAIRMAN. This can be transported to the destination and put to use in war production?

Mr. Cox. Yes.

The CHAIRMAN. When they get it?

Mr. Cox. Yes.

The CHAIRMAN. Can you get these machine tools to the extent of \$150,000,000 to Russia and installed and get the plants in operation, in production operation, before the close of the war?

Mr. Cox. Well, I think so, yes. But of course, you have in that question the unpredictable factor that no one knows when the war will end. As I mentioned to the committee the other day the tentative agreement that may be worked out with Russia, particularly covers items like machine tools. The agreement would provide that if in fact the war has ended with the common enemy before these tools have been shipped to the Soviet Union, it agrees to accept the tools and to pay for them on a credit basis.

The CHAIRMAN. If the appropriations made for this item, after the money is made available, how long before this material would be in actual use in war production in Russia?

Mr. Cox. You have, of course, several factors to consider, Mr. Chairman. In the first place, the productive capacity of the plant can be brought up relatively quickly. But the shipping problem, and the installation problem must be considered. The shipping problem depends upon the route you take; that will vary all the way from the Persian Gulf to the North Arctic route. The installation, of course, depends upon the type of items involved, but it is felt that they can be shipped and installed before the end of the next fiscal year.

ARSENALS AND MILITARY EQUIPMENT PLANTS FOR SOUTH AMERICA

The CHAIRMAN. I see you have \$7,500,000 for South America for arsenals and military equipment plants. To what South American countries are they to be consigned?

Mr. Cox. We can give you a break-down of that.
(The information requested is as follows:)

Machine tools for South America by country

Brazil.....	\$4, 000, 000
Mexico.....	2, 000, 000
Chile.....	750, 000
Others.....	750, 000
Total.....	7, 500, 000

The CHAIRMAN. You cannot give us a break-down of the distribution as between countries?

Mr. COX. Not offhand, but I remember that a large proportion of it is going to Brazil. It is being distributed among different countries, but most of it is going to Brazil.

The CHAIRMAN. This request has been submitted to the War Department and has the approval of the War Department?

Mr. COX. Yes.

Mr. LUDLOW. With reference to this sum of \$150,000,000 for the U. S. S. R., for machine tools, are those tools in existence or do they still have to be manufactured?

Mr. COX. Most of them still have to be manufactured; there is some production coming off the line.

Mr. LUDLOW. When will deliveries take place?

Mr. COX. I would say that the over-all average—subject to check—would begin within a 90-day period.

(Off-record discussion.)

TRANSFER OF TITLE

The CHAIRMAN. When we were discussing lend-lease the question came up as to the transfer of title. Now of course we understand that with certain goods, such as crude and consumable materials of that character necessarily title must be passed.

Mr. COX. It is not, though.

The CHAIRMAN. But in the case of tools of this character, do we retain title, or is it transferred to them?

Mr. COX. No.

Title has been retained on all supplies made available under lend-lease. The master agreements with the various lend-lease governments provide that all lend-lease supplies which have been transferred are subject to recapture by the United States where they have not been destroyed, lost, or consumed.

RECAPTURE OF EQUIPMENT AFTER THE WAR

The CHAIRMAN. The policy was pretty well indicated by the act which Congress passed, contained in one of the bills, which provided there should be no transfer of title, but is there any definite policy or plan for the recovery of this material at the close of the war?

Mr. COX. A plan is under consideration now, under which equipment used against the common enemy will come under lend-lease and equipment procured but not shipped until after the shooting has stopped will be turned over to them on a credit basis. But there has not yet been a definitive policy formulated.

The CHAIRMAN. But in any event after hostilities cease you will be in position to recover any of this material that you might desire to return?

Mr. Cox. That is right.

Mr. CROWLEY. Mr. Chairman, attention is being given to the matter of inventories and warehousing and the whole question of the disposal of surplus supplies.

The CHAIRMAN. If the war should end unexpectedly, or whenever it should end, for any of this material that has not been installed and is still in the crates, we can return it to the United States instead of allowing it to go into factories which might be in competition with America?

Mr. CROWLEY. We have that clear right under the master agreements.

Mr. LUDLOW. Insofar as trucks, for instance, which are sent over and destroyed in action the title of the United States becomes a title to a scrap pile?

Mr. Cox. That is subject to final determination under the master agreement.

PRIOR SHIPMENTS OF MACHINE TOOLS

Mr. TABER. What was the comparable item for machine tools to the U. S. S. R. for the fiscal year 1944?

Mr. MACK. The machine tools have been procured by the War Department up until just recently. We purchased some at the beginning of the lend-lease program, but not very much in total dollars; about \$15,000,000.

Mr. TABER. \$15,000,000?

Mr. MACK. \$15,000,000.

Mr. TABER. What was the amount furnished by the War Department?

Mr. MACK. F. E. A. may have those figures.

Mr. Cox. We may have those figures here, but in any event we will get them for the record.

(Information requested follows.)

Shipments of machine tools to Russia by the War Department amounted to \$246,267,000 as of April 30, 1944. Shipments in the first quarter of fiscal year 1944 amounted to \$26,554,000, in the second quarter to \$63,827,000, and in the third quarter to \$44,917,000.

DELIVERY TIME FOR MACHINE TOOLS

Mr. TABER. What is the comparable item for China?

Mr. MACK. \$6,000,000.

Mr. TABER. Delivery takes 10 weeks for such stuff as this to get into Russia after it leaves this country; does it not?

Mr. MACK. I would imagine so.

Mr. TABER. And how long does procurement of the machine tools take?

Mr. MACK. Well, machine tools is a broad term. Certain types of machine tools can be supplied within a short time, and for others it would take perhaps as much as several months, but the average would be about—

Mr. TABER. About 6 months?

Mr. MACK. Well, it will not run quite that much.

Mr. TABER. Four months?

Mr. MACK. Three to four months.

Mr. TABER. And delivery 2½ months, so there would be about 6½ months after this appropriation might be available before these things could be delivered in Russia. Is that about it?

Mr. MACK. I would say so.

Mr. TABER. Most of the territory in Russia that was occupied by Germany is cleared presently; maybe there is a little corner here and here that is not, but most of it is cleared. I do not know what the picture is there, but I am wondering if they do not have some sort of a machine-tool industry over there of their own.

(Off the record discussion.)

NEED FOR MACHINE TOOLS

Mr. CROWLEY. With reference to the need for machine tools, Mr. Chairman, the demands for modern machine tools will pretty well take care of the supply very quickly.

We cannot tell when the war is going to be over; we cannot fix a definite period and say we will need so many machine tools so as to avoid a 24-hour surplus. Those are things we are never going to know.

I certainly want to protect American industry just as much as the War Department does, but I do not see how we can say we are not going to lend to these people the production equipment needed for war materials simply because there might be a possibility of their competing with us in the future.

IMPACT ON AMERICAN INDUSTRY WHEN LEND-LEASE MATERIALS ARE RETURNED

The CHAIRMAN. What will be the repercussion on American industry involved in the return of this material to the United States at the close of the war?

Mr. CROWLEY. Mr. Chairman, you are going to have an enormous inventory both at home and abroad. Our inventory abroad will be very great. We must work out a program with Mr. Clayton to try to absorb this surplus, both here and abroad, so as not to disturb our economy too much. It may be impossible to do it except over a long, long period of time.

Mr. LUDLOW. Is it not true that the use of these machine tools is to be confined to war production entirely?

Mr. COX. Yes.

Mr. LUDLOW. By the terms of the agreement itself.

Mr. COX. Yes.

MACHINE TOOLS USED FOR WAR PURPOSES ONLY

Mr. LUDLOW. And none of the tools are to be used for civilian production.

Mr. COX. That is right; they are only to be used for war purposes.

Mr. TABER. The difficulty is trying to distinguish all of that in the agreement when the war is on.

Mr. RABAUT. The principle is set forth in the agreement.

Mr. LUDLOW. Yes.

Mr. CROWLEY. Well, the tools can be used for peacetime operations.

Mr. LUDLOW. Not under the agreement?

Mr. CROWLEY. Not all of them; some of them can be used.

Mr. COX. Some can be used for peacetime operations, but you are referring to machine tools supplied to Russia for war purposes.

Mr. LUDLOW. Yes.

Mr. TABER. Currently anything they make is needed in their economy and for the war.

Mr. LUDLOW. With machine tools they are sent over while the war lasts.

Mr. CROWLEY. I do not think we would have any reason to assume they would not use them for war purposes.

Mr. LUDLOW. Mr. Chairman, would it not be well to read into the record just what the estimate says concerning the tools.

Machine tools required for production of ordnance and other munitions necessary for successful prosecution of the war; replacement of equipment lost through enemy action, and completion of departments of existing plants so that maximum increase of military production may be expected.

That is in the language in the estimate before us.

Mr. TABER. It may be in the estimate, but how would they be able to confine it to that is beyond me.

Mr. CROWLEY. In a country like Russia which has shown a real understanding of total war, it is difficult to determine just what part of their economy is not connected with the war. All of their operations, all of the efforts of their civilian population, are involved in producing things that are a part of the war effort.

The CHAIRMAN. Anything that contributes to the maintenance and permanence of the economy of the nation which is devoting its entire effort and resources to the war program contributes to the success of the war program.

Mr. CROWLEY. That is correct.

Mr. LUDLOW. I think that is true, but we ought to give the matter some consideration.

Mr. LAMBERTSON. Is there any thought that immediately upon the stopping of hostilities all of this lend-lease will immediately stop, or will there be some operations carried on beyond that period?

Mr. CROWLEY. All of this is for the war. And lend-lease will terminate depending on the decision of Congress.

Mr. LAMBERTSON. Yes; but I remember very distinctly that during our discussions last year of lend-lease, Mr. Stettinius indicated there could be some of it after the war was over, when he was before the committee last year.

Mr. CROWLEY. That is not the intention of the Administrator of Lend-Lease now, nor was it, I believe, Mr. Stettinius' intention, unless Congress directs otherwise.

Mr. TABER. I would like to get something about the delivery of items to other countries along the line you have indicated to the U. S. S. R. Can you do that?

Mr. Cox. Yes; we can supply that for the record.

(Information requested follows:)

Statement submitted by the War Department on the shipments of machine tools to lend-lease countries (cumulative to Apr. 30, 1944)

[In thousands of dollars]

Britain.....	319, 182	Haiti.....	1
Belgian Congo.....	15	Iceland.....	23
Bolivia.....	188	Peru.....	487
Brazil.....	5, 417	Russia.....	246, 267
Chile.....	497	Turkey.....	18
China.....	1, 290		
El Salvador.....	19	Total.....	574, 277
Free French.....	873		

Fiscal year 1944

[In thousands of dollars]

Country	First quarter	Second quarter	Third quarter
Britain.....	35,910	34,200	33,807
Belgian Congo.....			5
Bolivia.....	62	19	10
Brazil.....	1,065	1,180	1,674
Chile.....	82	111	143
China.....	36	9	25
El Salvador.....		3	13
Free French.....	5	15	818
Haiti.....		1	
Iceland.....	2	18	
Peru.....	82	117	174
Russia.....	26,554	63,827	44,917
South Africa.....		11	
Total.....	63,798	99,511	81,586

The above figures are taken from ex depot shipping tickets which does not necessarily mean that all the machine tools have actually been floated—some of them are being held at holding and reconsignment points and ports pending the allocation of shipping space.

FARM MACHINERY

The CHAIRMAN. We come now to a subject that has been discussed a great deal, and in some detail on the floor of the House, and in which there is general interest throughout the country judging by the amount of correspondence that Members of Congress have received, that of agricultural machinery, for which you have an estimate of \$22,713,151. In view of the general interest in that I might call attention incidentally to the fact that this appropriation would allocate only 3.24 percent—a little less than $3\frac{1}{4}$ percent—of the total 1944 production of the United States for this purpose. In view of the general interest particularly in this subject at this time, I think we should have a rather full statement of this item, Mr. Mack.

Mr. MACK. I can make a preliminary statement and you may want that enlarged upon by the F. E. A.

The CHAIRMAN. Of course, the emphasis is on the fact that this contributes to the production of food, one of the vital objectives of the war program, contributes to the production of food for the support of our allies.

Mr. MACK. Yes.

The CHAIRMAN. And especially for the support of our own troops abroad.

Mr. MACK. That is correct. And, it calls for various types of agricultural machinery; wheel tractors, crawler tractors, spare parts, combines, plows, cream separators, harrows, and other agricultural machinery, the primary objective of which is increased production of food.

Mr. LAMBERTSON. Do you think that agriculture in this country is being taken care of to any satisfactory degree?

Mr. MACK. Perhaps Mr. Crowley can answer that better.

Mr. LAMBERTSON. In the war food production program.

Mr. CROWLEY. Mr. Chairman, as I see the situation with respect to farm machinery, I do not think that the farmers of this country, certainly, are getting all the machinery they could use, but I think that

the War Production Board is trying to give the farmers all the machinery that they possibly can spare and I think it is fair to assume that month by month the situation is improving.

The amount that we are taking out of the war food production program now is very, very small, and we are trying to take out the smallest amount we possibly can. I feel confident that with the machinery being sent abroad there is being produced enough to offset the sacrifices that the American farmers have had to make.

Undoubtedly the demand will be greater for farm machinery to be sent to the liberated areas, but the production of foodstuff by the local population of those areas should materially ease the problem of feeding them.

Mr. LAMBERTSON. The fact is that they are not getting enough equipment. The actual figures from our farmers, with this terrible delayed spring season, with the rush that will result in getting crops planted, mean that they are going to need more machinery. In my district, just one man to the county is getting a harrow, or something like that. They have a waiting list and when a man is lucky enough to get a piece of machinery he is considered fortunate, and yet a lot of this stuff is going to Russia. It makes them see red.

The CHAIRMAN. No farm machinery goes to Russia.

Mr. LAMBERTSON. What is this for?

The CHAIRMAN. You will note here that not a dollar of this goes to Russia.

PRODUCTION OF FARM MACHINERY AND AMOUNT SHIPPED UNDER LEND-LEASE

Mr. Cox. I think it is relevant to note that from 1941 on the amount of farm machinery produced in the United States has exceeded substantially the amount that was ever produced before in the United States. The machinery that is going to Australia or New Zealand is being used to feed our own soldiers, which means that the food does not have to be produced here in the United States and use valuable manpower and shipping space. A substantial amount of the food for our fighting men in the Southwest and the South Pacific is supplied on reverse lend-lease. Twenty percent of the food which is used by our troops in the United Kingdom is supplied under reverse lend-lease and the farm machinery is made available for that purpose.

The net amount made available for American farmers, beginning with 1941, even subtracting the over-all 2 percent for lend-lease purposes, has substantially increased every year during the war, along with farm production.

Mr. LAMBERTSON. You say our army in the Southwest Pacific is being supplied, in large part, in Australia?

Mr. Cox. Yes.

Mr. LAMBERTSON. You will have to prove that to me; that is a good story.

Mr. Cox. It was testified to before the House Committee on Foreign Affairs by Colonel Eddy, who is in charge of such matters for the United States Army. There is no question about the conclusiveness of the evidence.

Mr. RABAUT. So far as placing that in the record is concerned, I think that is a rather controversial subject; I think it would be a good idea to put that in the record.

The CHAIRMAN. We will ask in both instances that you translate those graphs into statistical tables and insert that in the record at this point.

(The table requested is as follows:)

Farm machinery (excluding crawler-type tractors)

PRODUCTION IN THE UNITED STATES

1935.....	\$297, 159, 000	1940.....	\$502, 163, 000
1936.....	432, 670, 000	1941.....	669, 344, 000
1937.....	513, 631, 000	1942.....	682, 809, 000
1938.....	456, 241, 000	1943 ¹	500, 000, 000
1939.....	427, 865, 000		

¹ Preliminary estimate.

LEND-LEASE EXPORTS BY COUNTRY, MARCH 1941 TO DECEMBER 1943

United Kingdom.....	\$19, 536, 000
Australia and New Zealand.....	6, 904, 000
Union of Soviet Socialist Republics, north Africa and other countries.....	6, 363, 000
Total.....	² 32, 803, 000

² Equivalent to 1.8 percent of total United States production in this period.

LEND-LEASE EXPORTS BY YEAR

1941.....	\$4, 076, 000
1942.....	9, 745, 000
1943.....	18, 982, 000

ROAD-BUILDING EQUIPMENT

The CHAIRMAN. For roadbuilding equipment, on page 27, the amount is \$5,800,000. This seems to be all for military necessities, and it is quite fully explained.

Mr. TABER. I wish you would give us the figures on the transfer of this farm machinery for the current year. Have you got that?

Mr. MACK. I have the figures. From April 1, 1943, to March 31, 1944, the purchases amounted to \$20,195,435.

Mr. TABER. You mean those were obligations, or deliveries?

Mr. MACK. Those are commitments. The actual transfers amounted to \$15,331,780, that is, transferred to foreign governments, and recorded.

Mr. TABER. Will you give me the same figures on roadbuilding machinery?

Mr. MACK. On road building equipment, for the same period from April 1, 1943, to March 31, 1944, the purchases amounted to \$617,418 and the transfers amounted to \$304,364.

Mr. TABER. You actually did not use much of that?

Mr. MACK. We purchased \$617,418.

Mr. TABER. Where did that come from?

Mr. MACK. The road-building equipment has gone to foreign countries.

Mr. TABER. What appropriation did that come from? You only had \$304,000 going out. What appropriation did that come from, because we must have sent a lot of that over?

Mr. MACK. There must have been some from the military services.

Mr. Cox. There was a direct War Department appropriation.

Mr. TABER. Would that be a lease-lend item?

Mr. COX. Some of it was transferred under the transfer authority included in the War Department appropriation.

Mr. TABER. Would you be able to tell me what that figure was?

Mr. COX. Yes. The amount of road-building equipment transferred under lend-lease by the War Department since the beginning of the program to March 31, 1944, is \$12,428.43.

Mr. TABER. Why do you need so much more this coming year?

Mr. MACK. There will be more road building over there.

NEED FOR CONSTRUCTION EQUIPMENT IN RUSSIA

Mr. TABER. You have not got much for China, but you have a lot for north Africa and the French colonies, and a big item for Russia. Why would you need all of that road-construction machinery in Russia?

Mr. COX. Mr. Taber, as I understand it, this is similar to the case of machine tools. Previously the Army procured most of the machinery for lend-lease purposes.

Mr. TABER. I was not asking about that. I do not care about that. Why do they need so much as \$5,000,000 for road-building machinery in Russia? That is what I was asking about.

The CHAIRMAN. Is it not possible that this has something to do with it, that up until last year the Germans were advancing. The roads were in good shape as the Russians fell back. It was only when the Germans were beginning to retreat and were destroying the roads that there was a need for this machinery.

Mr. COX. That is one factor. Advice on items of this kind is given by our supply mission in Moscow. A lot of roads were destroyed in the kind of operations that took place.

The CHAIRMAN. Good roads are vital, and I suppose the roads over there are nothing as compared with the road system in the United States.

Mr. COX. I understand that is so, Mr. Chairman. The lines of communication in Russia are very vital, particularly where the Russian lines are now so extended. Transportation is of primary importance.

The CHAIRMAN. And they cannot use the supplies unless they can deliver them when they are needed.

Mr. COX. That is right.

NO FARM MACHINERY BEING SENT TO RUSSIA

Mr. LAMBERTSON. I would like to get this point clear. Did I understand you to say that we are not sending any machinery to Russia now?

The CHAIRMAN. No farm machinery.

Mr. LAMBERTSON. Have we not sent some of that machinery to Russia?

The CHAIRMAN. I have never heard of it.

Mr. COX. We have sent some previously, but in relatively small amounts. That item is here in the binder.

The CHAIRMAN. Some farm tractors have gone to Russia. I am talking about the past now. What has that amount been?

Mr. COX. On page 3 there is a statement in reference to farm machinery, showing that from March 1941 to December 31, 1943, we sent \$697,000 worth of farm machinery to the Soviet Union.

Mr. LAMBERTSON. That is all the farm machinery we have sent to Russia up to date?

Mr. COX. Yes; \$697,000 worth up to December 31, 1943.

ELECTRICAL EQUIPMENT

The CHAIRMAN. For electrical equipment, materials, and supplies, on page 28, the amount is \$51,069,408. This seems to consist largely of transformers, generators, motors, transmission and distribution equipment for electric power, welding equipment, and communications equipment. Is there anything you can add to the explanatory material on page 28?

Mr. MACK. Mr. Chairman, these requirements cover a great variety of equipment. They are primarily for the maintenance and repair of communication systems.

The CHAIRMAN. A very large proportion of this equipment is to restore industrial facilities destroyed by the enemy, and their rehabilitation and restoration will contribute to lightening our load as far as our requirements are concerned in supplying them with this material?

Mr. MACK. Yes, sir. I think, Mr. Chairman, the figure is \$41,-000,000 instead of \$51,000,000.

The CHAIRMAN. How does that occur? On page 28 the amount given is \$51,069,408.

Mr. MACK. That has been reduced. It was \$51,069,408 and it is now \$40,469,408.

The CHAIRMAN. When was that reduction made and how was it made?

I see on page 2 of the justifications in this same document, in the third column you give us a reduction to accord with the 1944 obligations, in which this item shows the reduction, and there is a reduction in quite a number of items. In this particular item it is \$10,600,000. As a matter of fact, for machine tools you are only asking \$134,135,700, so that the trend is downward and you are reducing wherever it is possible to reduce.

Mr. MACK. Yes, sir; there are certain other places where there have been downward revisions.

Mr. TABER. You have an item of \$51,000,000.

The CHAIRMAN. That is reduced to \$40,469,408, as explained on page 1, column 3 of the justifications.

For electrical equipment there is a reduction of \$10,600,000.

PRIOR SHIPMENTS OF ELECTRICAL EQUIPMENT

Mr. TABER. How much of this stuff did you send to these different places in the current year?

Mr. MACK. The total transfers for last year were \$47,376,856. My break-down by countries is from the beginning of the program.

Mr. TABER. How does that run?

Mr. MACK. From the beginning of the program, the United Kingdom transfers, or transfers to the United Kingdom amounted to \$13,909,956.08; to Russia they amounted to \$52,394,873.28; for China

they amounted to \$286,072.95; to other countries they amounted to \$344,886.49, or a total of \$66,935,788.86.

Mr. TABER. How long does it take you to get these things together, to procure them? It is quite a job, is it not; it takes quite a while?

Mr. MACK. On some things, yes.

Mr. TABER. With transformers and generators it takes a good while?

Mr. MACK. Yes.

Mr. TABER. But for transmission and distribution equipment it does not take quite so long?

Mr. MACK. Much of that is standard.

Mr. TABER. Most of the welding equipment is more or less standard, or is getting to be more or less standard?

Mr. MACK. Yes, sir.

Mr. TABER. But the transformers and generators take a good while?

Mr. MACK. Those take some time. Each one is a special job. That takes from 6 months to 8 months or 10 months.

Mr. TABER. Depending upon the size of the equipment?

Mr. MACK. Yes, sir.

Mr. LUDLOW. And it has to be manufactured according to specifications?

Mr. COX. Yes; for the most part these are special jobs.

Mr. CROWLEY. As I understand it, as to transformers, when you place an order, up to a certain time you have a cancelation clause in the contract, or you can get a cancelation clause so in case the war were over, and they had proceeded to a certain point with a transformer you could cancel that contract if you wanted to?

Mr. MACK. We have that standard termination clause in all of the contracts.

Mr. CROWLEY. That would help to take care of what you have in mind, Mr. Taber.

Mr. TABER. It would take 6 or 8 months to get anything that would amount to anything.

Mr. MACK. Of this special equipment it would.

Mr. TABER. You would have a 3 months' delivery on most of those contracts?

Mr. MACK. I imagine so.

FIRE-FIGHTING EQUIPMENT

The CHAIRMAN. For fire-fighting equipment, on page 29, the amount is \$437,000, and that seems to be well justified in your justifications.

Mr. TABER. How much of that went out last year?

Mr. MACK. The purchases amounted to \$521,935, and the transfers amounted to \$1,670,932. That is for the period April 1, 1943, to March 31, 1944.

RAILROAD EQUIPMENT, MATERIAL, AND SUPPLIES

The CHAIRMAN. For railroad material, equipment, and supplies, on page 30, the amount is \$15,063,000. The quantities of locomotives and cars represent less than 1 percent of our 1944 production; to be explicit, eight-tenths of 1 percent.

Your explanatory notes there seem to be ample. I notice that you have an item for miscellaneous railway materials which seems to take more than half of the allotment. What is the nature of those miscellaneous railway materials?

Mr. MACK. For example, that is for such things as axles and other miscellaneous equipment. The bulk of that is for China.

(Discussion off the record.)

ALLOCATIONS TO FRENCH NORTH AFRICA

The CHAIRMAN. I note here that throughout these estimates there are items allocated to French North Africa, totaling \$154,000,000.

Mr. TABER. How much did you give them this year, for procurement and the whole business?

Mr. MACK. From April 1 last year to March 31 of this year the purchases amounted to \$9,361,709, and the transfers amounted to \$6,552,331.

Mr. COX. Most of the transfers for the largest amounts, were for French West Africa and have not been made from Treasury Procurement.

The CHAIRMAN. Are the French paying for that?

Mr. COX. They are paying, Mr. Chairman, for all essential civilian supplies. Military supplies are furnished on a straight lend-lease basis and the French supply materials on reverse lend-lease. The French have already paid on account \$62,000,000.

The CHAIRMAN. Out of that total of \$154,000,000, how much will be repaid?

Mr. COX. I think that ultimately essential civilian supplies will be paid for. Military supplies are not repayable under the agreement in the same sense as essential civilian supplies.

The CHAIRMAN. They have the resources with which to pay for the civilian supplies?

Mr. COX. They are straining every effort to get the resources.

The CHAIRMAN. How about this amount of approximately \$18,000,000 running through all these items for the French colonies?

Mr. COX. The same agreement is effective there.

TRANSPORTATION PROBLEMS

Mr. LUDLOW. Do you anticipate much trouble getting these various supplies to China, getting your transportation?

Mr. COX. It is a difficult problem.

Mr. LUDLOW. I imagine that is a terrific job, to transport those supplies.

Mr. COX. I think it has been, and I think the Air Transport Command has done a really remarkable job in getting those supplies to China.

Mr. TABER. Do you call this railroad equipment civilian requirements, or do you call that military requirements?

Mr. COX. That is passed on in each particular case. Our procedure is that they submit their requirements in detail, and when the requisition is actually put in for procurement the determination is made as to whether it is used altogether for military purposes, in the sense that it is used for soldiers, or in what proportion, if any, it is used for that purpose.

Mr. TABER. You cannot tell anything about it.

Mr. Cox. It has been substantially military.

Mr. TABER. You have not got any fund for that in this particular item.

Mr. Cox. There is some in the War Department appropriation.

OTHER MACHINERY AND EQUIPMENT

The CHAIRMAN. For other machinery and equipment, on pages 31 and 32, the amount is \$171,348,255. This is reduced by \$35,500,000, which brings it down to about \$136,000,000. This is for miscellaneous material of various kinds for repair and equipment purposes, and about one-half of it, I see, goes to one country, Russia, and I believe that is as it should be.

The notes on page 32 are very clear, and I think fairly justify the request for the appropriation.

(Discussion off the record.)

The CHAIRMAN. What countries in South America receive this \$15,000,000 for miscellaneous industrial equipment?

Mr. Cox. We can give you those countries for the record.

(The information requested is as follows:)

Miscellaneous industrial equipment for South America, by country

Brazil.....	\$7, 500, 000
Mexico.....	3, 000, 000
Chile.....	1, 800, 000
Peru.....	1, 200, 000
Others.....	1, 500, 000
Total.....	15, 000, 000

The CHAIRMAN. Has all of this been approved by the War Department?

Mr. Cox. Yes; all of this aid for countries in South America was approved in the War Department.

Mr. LUDLOW. How did you arrive at that reduction of \$35,000,000?

Mr. Cox. What we did was to screen these requirements in terms of need and American production, and we also considered the rate of obligations with which the requirement had been met in similar situations and we took another cut on that.

Mr. TABER. How long does it take to produce this stuff after you make a contract?

Mr. MACK. These are all miscellaneous items.

Mr. TABER. Yes; but they are quite considerable items. These small tools are in quite considerable volume, and also the hand tools and all that sort of thing.

I do not know what miscellaneous industrial equipment means, but I imagine it is something in the nature of factory equipment of some kind, food-processing machinery and so forth.

Those are the very things that almost all these places have already, if they have anything.

For instance, here is an item of \$4,500,000 for miscellaneous industrial equipment going to Russia. That is the second largest block of the whole lot.

It would take considerable time to get that stuff contracted for and produced. You could not do it in less than 8 or 10 months. I am

wondering whether that is good judgment. It will take about a year to get that stuff over there. Is it good judgment for us to try to do that? That is quite a way off in delivery, and it is an item as to which they must have something of the kind, or they could not swing at all. I am wondering if it is good judgment.

Mr. COX. Most of this miscellaneous industrial equipment takes a shorter period to produce than things like generators.

In the second place, they have not got these miscellaneous things available. I think about the same principle applies in a different degree as in the handling of the other stuff.

Mr. TABER. For the United Kingdom you have \$5,000,000 for something else.

Mr. CROWLEY. Congressman Taber, I do not see how we could do other than what we are doing on these requests.

There is not any doubt that some of this industrial equipment will take several months to get. But can you go on the theory that this war will be over on the first of October or the first of November, that we do not need any more in this country, and that we quit making bombers and airplanes now because we may feel that the war will be over some time this year? I just do not know how, if you are going to help these people to get things for war, you are going to tell them you are not going to give them any more industrial help?

ESTIMATES BASED ON CONTINUATION OF THE WAR

Mr. TABER. You have to get to the point where you trim off your capital investment some time. Most of this is capital investment. There is very little of it for maintenance, but almost all of it is for capital investment. You have to begin to get to the point some time where your major effort is for trade production rather than for capital production that you do not need.

Mr. CROWLEY. I think that is true, but I say in the case of Russia you have a little different situation. A lot of their industry must have been destroyed and it is necessary that they get back into production, and if they were like we were here they have had a very large increased production, and if they could start to tune up now they could start in production. They are just going into certain production.

Mr. COX. There is one other observation I would like to make. We were troubled with the same thing you are troubled by, but the key proposition is the production for war to beat the enemy.

If the United Kingdom got too much in the terms of that objective, and an amount of equipment has been taken off of lend-lease on that theory, that would be practical judgment, and if this equipment had a 10-year life and the United Kingdom was substantially tooled up there would be a minimum need for a war purpose and a maximum need for a post-war purpose, and therefore that should be taken off.

But the problems in Russia are different from those in the United Kingdom.

As long as they are tooled up I am saying those items would be cut off of lend-lease. But there is no evidence to that effect now.

The CHAIRMAN. It is a basic military axiom that regardless of the prospects of peace a nation must proceed in its military preparations, just as if the war were to last indefinitely.

We had a historic precedent in this committee. There was a feeling in 1918, a stronger feeling than there is now, and better founded than the feeling now, that the war would end and that the end was approaching, but still this committee went ahead and provided fully for all military needs just as if the war would last into the next year.

We brought that bill out and reported it to the House and it passed the House and the Senate and was signed by the President on November 4, and the armistice was signed on November 11.

We cannot take any chances; there is too much at stake. It is too vital a proposition.

We have to proceed at this time just as we did last time and appropriate this money, regardless of the duration of the war, and we cannot afford to be caught with too little too late.

Here was a deficiency appropriation bill, which became Public Law 233, Sixty-fifth Congress.

There was a large deficiency appropriation of two and a half billion dollars in round figures, with contract authorizations for nearly \$4,000,000,000. That was passed and sent to the President and he signed it on November 4. A week later the Armistice was signed, and nobody ever regretted having made the appropriation.

Mr. TABER. Well, there is some considerable difference, as the chairman pointed out—

The CHAIRMAN. And a large amount of money was salvaged.

Mr. TABER. There is some considerable difference. As the chairman pointed out in a statement in the newspapers yesterday, there is a difference between a statement in regard to an operating turn-over and the statement as to capital loss.

In this particular item almost all of it is a capital set-up, and especially here is a \$15,000,000 item for South America which is a capital investment. Except where we have got new types of things, or there is some extraordinary emergency we ought to be able to get along without further capital investment.

The CHAIRMAN. Can my good friend, the gentleman from New York, say positively that the invasion for which we are mobilizing millions of men and the largest amount of supplies ever provided for in a military operation, with the greatest operation involving the greatest number of men and the greatest expenditure in the history of the world, which will shortly be launched on Germany—can the gentleman assure us positively that that will be a success? Some of the military experts say our chances are only 50-50.

Mr. TABER. I cannot give any assurance, but that has not anything to do with it.

The CHAIRMAN. If the chances were only 90 against 10 we could not afford to take the chance of 10 as against 90.

Mr. TABER. That has nothing to do with the questions I raised in regard to the situation.

The CHAIRMAN. That has everything to do with it.

Mr. TABER. I raised the same question which was raised in the newspapers yesterday, that we should begin to taper off on our appropriations for capital investments. That is what I am talking about.

IRON AND STEEL

The CHAIRMAN. The next item is on page 33 of the justifications, "Iron and steel," \$513,345,726, and if you turn to page 1 and note the reduction there in accord with 1944 obligations you will note that this estimate has been decreased by \$106,500,000, leaving the proposal \$406,845,726. It might also be noted, in this connection, that even at \$513,000,000 the total requested is less than 6 percent of the total production in the United States for 1944. That reduction would bring it down to probably less than 5 percent of the total 1944 production. Most of this is for military and naval construction of armaments and ammunition and components or articles that are ancillary to the needs of the armed forces, I believe.

Mr. MACK. Yes, sir; it is to be used for a wide variety of purposes, tanks, planes, shells, and military vehicles.

The CHAIRMAN. Some of it is for food processing and packaging, of which our troops get the direct benefit under reciprocal lend-lease?

Mr. MACK. Yes, sir.

The CHAIRMAN. I note that more than 92 percent of this is for one country. I do not suppose that situation requires any discussion. The situation is obvious there. Do you care to make any statement there?

Mr. MACK. Well, the general situation is that their steel productive capacity has been seriously affected by reason of the war, and this is to supply deficiencies because of it, and, of course, to provide for the additional requirements that are needed.

Mr. Cox. It is not 92 percent, Mr. Chairman.

The CHAIRMAN. I am in error there. It is 23.6 to Russia, and 45 percent to the United Kingdom. There is a supporting statement of both on page 34 which we will include in the record at this time with such editing as you care to make.

Mr. MACK. Yes, sir.

(The statement referred to is as follows:)

Fifth lend-lease appropriation for fiscal year July 1, 1944, through June 30, 1945

Union of Soviet Socialist Republics: 1,033,800 units.....	\$169, 505, 000
United Kingdom: 1,973,400 units.....	204, 928, 500
Other British Empire: 1,192,513 units.....	116, 343, 400
China: 51,829 units.....	7, 524, 443
Other countries: 139,015 units.....	15, 044, 383
Total, 1944-45: 4,390,557 units.....	513, 345, 726

GENERAL

Control.—Steel is one of the controlled materials which are allotted quarterly among claimant agencies. Its uses are also restricted by the War Production Board in this country and by the Iron and Steel Control in the United Kingdom, and by similar controls in other lend-lease countries.

Use.—Wide variety, including ships, tanks, guns, airplanes, shells, and sundry military vehicles.

Other sources.—Each of the United Nations is able to consume in wartime more steel than it can produce. The United States, being by far the largest world producer, is now the only substantial allied exporter of steel.

UNION OF SOVIET SOCIALIST REPUBLICS

(23.6 percent of total lend-lease request)

Due to the loss of important steel manufacturing areas through military action, the steel requirements for the Union of Soviet Socialist Republics far exceed exports we have so far been able to send there. As more shipping space is made available, increased quantities of material are being forwarded.

UNITED KINGDOM

(45 percent of total lend-lease request).

Production.—In peacetime the United Kingdom was dependent upon foreign imports for a large portion of both its iron ore and steel. During the war the United Kingdom has been forced to rely on low-grade domestic ore and imports of steel from the United States in order to meet the war demands for steel. Despite these handicaps and interruptions due to blackouts and bombings, the British steel industry has succeeded in producing at about 91 percent of capacity.

Distribution and Government control.—Due to the serious shortage of steel in the United Kingdom, it has been necessary to restrict consumption severely in all uses which do not contribute directly to the war effort. Since March 1940 a system of complete allocation of total available supply has been in force. This is administered by the Iron and Steel Control which is part of the Ministry of Supply. In 1944 total steel requirements of the United Kingdom as presented by the principal Government departments are divided as follows:

	Percent
Navy—for constructions, repairs, conversions, guns, gun mountings, etc..	15.0
Merchant marine-----	6.8
Air—aircraft, guns, bombs, etc-----	7.5
Army—for armored fighting vehicles, artillery, ammunition, wheeled vehicles, engineers stores and supplies-----	32.0
Army—for construction of plants and machinery, shipyards, storage, and other buildings-----	14.7
Other departments—including transportation, mining, electricity, gas, water, farm machinery, and miscellaneous-----	24.0
Total-----	100.0

OTHER BRITISH EMPIRE

(27.2 percent of total lend-lease request)

Australia.—Australia is the largest British Empire steel producer outside the United Kingdom and Canada. Australian steel production is almost equal to total requirements but not all classes of products are made. Hence, Australia is obliged to import certain kinds of steel from the United States, mainly tinplate. This is used principally for food packing, in part to supply the requirements of both the Australian Army and our own. Australia exports a small amount of steel to New Zealand which has no integrated steel production.

India.—India is the second largest producer of steel in the British Empire outside the United Kingdom and Canada. Annual pre-war production was approximately 840,000 short tons of finished products. This was largely low-carbon steel, India being dependent on imports of other classes of steel amounting to around 300,000 tons a year. Plant capacity has been expanded so that production for the year ending March 31, 1945, is estimated at approximately 1,150,000 short tons. India is also one of the largest Empire producers of military equipment outside the United Kingdom. Total consumption for the year ending March 31, 1945, is estimated at approximately 1,600,000 short tons, leaving a deficiency of approximately 450,000 short tons to be provided from imports. Because it will doubtless be impossible to supply the entire deficiency, due to shipping shortages and transportation and handling facilities in India, this budget includes a somewhat small amount.

British fighting forces.—Requirements supplied from the United States to the armies in the field include rails, pipe, wire, and other steel required in active military operations.

British Petroleum Mission.—Principal items are sheets for drums, and terne-plate for containers for the use of the armed forces.

New Zealand.—New Zealand has no integrated steel production and is dependent on United States for all its steel, except for a small amount received from Australia. The largest single item of requirement is tinplate for the food processing industry supplying canned food to the armed forces in the Pacific theaters of war. Other large amounts of carbor and alloy steel are required for repair of vessels and manufacture and repair of combat equipment.

Colonies.—British Colonies include 39 separate parts of the Empire where there is no domestic steel production. The requirements from United States cover minimum needs of industries producing important wartime commodities, for example, rubber, graphite, and essential oils. Small amounts of steel are necessary for maintenance of railways and harbor craft and installations.

CHINA

(1.1 percent of total lend-lease request)

The tonnage requested is greater than shipments during the year ending March 31, 1944, but it is expected that new transport routes will be opened by which an increasing volume of supplies may be shipped into China. Until such routes become available emergency items are being supplied by air routes.

FRENCH NORTH AFRICA, FRENCH ARMY, AND FRENCH COLONIES

The budget figure is based on the minimum requirements for these areas to repair battle damage and to put essential industries back into operation. The railroads and mining industries have been greatly neglected during the war years and are badly in need of repair and maintenance supplies.

TURKEY

Turkish steel production is small. The requirements of 1,818 short tons are entirely for military purposes.

BASIS OF REQUIREMENTS

The CHAIRMAN. How have these requirements of the various nations been determined, Mr. Mack; is it on the basis of their need, or is it on the basis of what we are in a position to supply?

Mr. MACK. Well, perhaps, F. E. A. will want to comment on this. Generally it is based on the American supply and clearance with W. P. B., because these are, for the most part, controlled materials, and subject to specific determinations. Mr. Cox could probably give you that information.

The CHAIRMAN. In making these allocations to the various nations are we governed by their needs or by our ability to supply?

Mr. COX. By both. The needs are first presented and are carefully checked both in the light of the statements submitted by the foreign governments and the information received from our foreign missions and then they are balanced against the available supply so that we have a determination both as to need and supply before the request for appropriation is made.

The CHAIRMAN. Would you say that the war needs would be better served and the war program better serviced if we could furnish more from our supplies?

Mr. COX. I should say definitely, yes. The supplies which we furnish, such as iron and steel, are made into finished munitions of war in areas that are closer to the fighting fronts than the United States, areas such as Britain and Russia. By sending the supplies you save having to ship goods and finished munitions. You place finished munitions in the hands of our allies who have the same central purpose that we do, which is to defeat the enemy, with a minimum strain on our manpower and transportation.

EFFECT ON CIVILIAN REQUIREMENTS

Mr. LUDLOW. How do these enormous allocations cut in on our civilian requirements?

Mr. COX. Well, Mr. Ludlow, the effect is given in the impact table at the bottom of page 33. In iron and steel products for the 1944-45 budget, less than 6 percent of the American supply of iron and steel will be exported to lend-lease countries under this program.

Mr. LUDLOW. You do not anticipate any very serious curtailing of civilian requirements because of these enormous allocations?

Mr. COX. No; not at all. That is a factor that is taken into consideration when the allocation is made.

MATERIALS USED MOSTLY FOR MANUFACTURE OF MUNITIONS

Mr. TABER. How much of this stuff set up here for Russia is for the manufacture of munitions, and how much of it is for facilities?

Mr. COX. Most of it is for the manufacture of munitions.

Mr. TABER. How much would you think?

Mr. COX. I am not sure that we can give you the exact figure.

Mr. TABER. You must have some picture of what the stuff is to be used for in order to give them this allotment.

Mr. COX. We do, but we do not have the exact figures as to what percentage would be used for specific purposes.

Mr. RABAUT. It is a different kind of percentage.

Mr. COX. Yes; it is a different kind of a percentage. It is all used for war-production purposes, but what part goes toward building power plants, or what part is used for making munitions, is hard to say.

Mr. O'NEAL. In how much detail does the request come to you, Mr. Cox?

Mr. COX. It is detailed as to tonnage and as to end use. Furthermore, we keep in constant touch with our staff, in Moscow, who continually supply information based on their observations on the spot. In addition to the check made when the budget is prepared, before the Soviet protocol is signed and the requisitions are put in and the procurement and supply start there are other checks made.

Mr. O'NEAL. Do you know with a fair degree of certainty where that goes, or does it go in in such amounts and tonnages that no one knows in this country the break-down of that with any particularity?

Mr. COX. I would say that we know in detail as far as it is humanly possible to know in time of war. Our knowledge obviously does not extend to every nut and bolt that is made out of carbon steel, but I think in terms of relevant and necessary information we know pretty well what it is used for. From the United Kingdom, we get more detailed information than we do from Russia.

ORIGINAL REQUESTS REDUCED

Mr. LUDLOW. In fixing this amount at something like a half billion dollars how much did you scale down the original request?

Mr. COX. In addition to our ordinary screening and review the request for iron and steel was scaled down as shown on sheet 1, to bring it in line with the rate at which prior obligations had been incurred. If you look on page 1, you will note that it was scaled down by \$106,500,000.

Mr. TABER. How much did you give them this year?

Mr. MACK. From April 1, 1943, to March 31, 1944, our transfers of iron and steel to all lend-lease countries were \$332,007,220.

Mr. TABER. That is the amount of over-all transfers as compared with the \$513,000,000 picture in the Budget?

Mr. MACK. Well, it would be \$406,000,000 as reduced.

Mr. TABER. \$406,000,000?

Mr. MACK. Yes.

Mr. WIGGLESWORTH. Off the record.

(Discussion off the record.)

The CHAIRMAN. What is the amount for the first few months of 1944, say, January, February, and March, if you have that?

Mr. MACK. I do not have them broken down by January, February, and March. I can get that very quickly for the record.

The CHAIRMAN. Suppose you supply that.

Mr. MACK. Yes, sir.

(The information requested is as follows:)

Transfers of iron and steel for January, February and March of 1944 amounted to \$90,220,115.51.

Mr. TABER. How much of that \$332,000,000 went to Russia?

Mr. MACK. The figure I have given you was the total figure, and the break-down that I have by countries is from the beginning of the program.

TOTAL TRANSFERS OF IRON AND STEEL

Mr. TABER. All right, give it to me from the beginning of the program.

Mr. MACK. From the beginning of the program we have transferred to Russia iron and steel totaling \$155,447,104.61.

Mr. TABER. That is up to the 31st of March, is it not?

Mr. MACK. Yes, sir; and those are the transfers.

Mr. TABER. What are the others?

Mr. MACK. United Kingdom had transferred to it \$568,296,224.76.

Mr. TABER. And other British Empire transfers?

Mr. MACK. That is all British Empire.

Mr. TABER. And the others are really not very heavy; how much would they run?

Mr. MACK. China, \$5,800,000, and all other countries, \$5,600,000, in round figures.

Mr. TABER. \$10,000,000?

Mr. MACK. The total was \$735,272,657. That is everything transferred from the beginning of the program up to March 31, 1944.

PETROLEUM MISSION

Mr. TABER. What is this Petroleum Mission in here?

Mr. MACK. Petroleum Mission?

Mr. TABER. Yes, right in the middle of page 33.

Mr. WOODRUM. British Petroleum Mission.

Mr. TABER. I would like to know what that means, and what it is for. \$30,216,000.

Mr. Cox. That is on page 34, about the middle of the page, under "Other British Empire." The legend reads:

British Petroleum Mission—principal items are sheets for drums, and terneplate for containers for use of the armed forces.

This is entirely for containers for the use of the British armed forces overseas.

Mr. TABER. You mean sheets for drums, and terneplate for containers required \$30,000,000?

Mr. Cox. Yes, sir. We can give you a detailed break-down of that, Mr. Taber, if you wish it.

Mr. TABER. I would like to see what that is. I think I would like to have that in the record.

Mr. Cox. All right.

(The statement referred to is as follows:)

Iron and steel for the British Petroleum Mission

Petroleum drum sheets-----	\$23, 837, 000
Handle wire-----	92, 000
Tin plate-----	519, 000
Terneplate-----	5, 768, 000
Total-----	30, 216, 000

DISTRIBUTION OF IRON AND STEEL TO GREAT BRITAIN

Mr. TABER. You have big items for Great Britain herself, perhaps the biggest items. I believe I would like to have you give the amount for consumable goods, and the amount for facilities to the United Kingdom, and the other British Empire set-ups as they appear here. (The statement referred to is as follows:)

Of the iron and steel for the United Kingdom, 76 percent is for the Navy, the merchant marine, the air forces and the army; 24 percent is for other government departments responsible for transportation, mining, electricity, gas, water, farm machinery, etc. Lend-lease iron and steel for Australia and New Zealand is mainly tinplate used for food packing, although some steel is used for repair of vessels and manufacture and repair of combat equipment. Iron and steel for India is for the manufacture of military equipment. The requirements of British fighting forces are for iron and steel in military operations and those of the British Petroleum Mission are principally for sheets for drums and terneplate for containers for the use of the armed forces. Lend-lease iron and steel is used in the British colonies in industries producing rubber, graphite, essential oils, and other strategic materials and small amounts are used in the maintenance of railways and harbor craft and installations.

COPPER AND BRASS

The CHAIRMAN. The next item is copper and brass, on page 35 of the justifications, \$132,165,480, from which we subtract \$27,400,000, leaving us actually an estimate of \$104,765,480. The original sum, \$132,000,000 was less than 6 percent of the total United States production, and with this decrease the total amount asked here in tonnage is less than 5 percent of the total 1944 production of the United States. I observe that 92.6 percent of this goes to one country. Why is there practically a monopolization of this entire amount to one country, Russia?

Mr. MACK. Generally that is for a number of uses, but substantially for power and communication cable lines for war purposes, and for the expansion of lines which have been damaged, and the replacements and repairs to them.

(Discussion off the record.)

Mr. LUDLOW. These estimates are expressed in terms of units, copper and base alloy products, 172,983 units. What is a unit?

Mr. MACK. A unit is a short ton. It is indicated on the left.

Mr. LUDLOW. Would the units be tons in the other cases also?

Mr. MACK. In all cases except that last item.

Mr. COX. Which is a service item.

Mr. TABER. How much did you supply to Russia last year?

Mr. MACK. From the beginning of the program through March 31, 1944, \$83,864,527.09.

Mr. TABER. And how much to England?

Mr. MACK. For that same period \$37,302,543.28.

Mr. WIGGLESWORTH. Is that the U. K. or the whole Empire?

Mr. MACK. That is the whole Empire. To China and all other countries, just about \$3,000,000 total.

The CHAIRMAN. This reduced amount of \$104,765,480 is based on your current figures?

Mr. MACK. The missions developed those estimates for the F. E. A., and, perhaps, Mr. Cox has more definite information on that.

The CHAIRMAN. Mr. Cox.

Mr. COX. Well, in all of these cases the requirements have been balanced in the case of the need as against the supply. I think the rate on all of these items has been increasing as against the beginning of the program because there has been more available shipping in the last 6 months than ever before by reason of the decrease in sinkings and the increase in building ships. These supplies are directly used in war production.

Mr. WIGGLESWORTH. Are they not used wholly in war production?

Mr. COX. I would say "yes."

The CHAIRMAN. You have given materially reduced figures here, reduced by something like 20 percent. Now, are those reductions based on the current rate of obligations?

Mr. COX. Yes, sir, primarily.

The CHAIRMAN. And that accounts for the reduction?

Mr. COX. Yes.

Mr. O'NEAL. Off the record.

(Discussion off the record.)

TRANSFERS OF COPPER AND BRASS IN 1944

Mr. TABER. Would you be able to tell us about how much actually in 1944 will go over-all in this category?

Mr. COX. I don't quite understand your question.

Mr. TABER. I mean in this fiscal year 1944.

Mr. COX. None of the amounts shown on these sheets are for 1944.

Mr. TABER. Oh, no, no. About what amount would you figure was going to go in the fiscal year 1944 in this category to these countries over-all?

Mr. COX. I have not those figures here, but Mr. Mack may have them.

Mr. TABER. He gave us the totals from the beginning. I figure that this \$104,000,000 is a slight increase over the 1944 figures, from what information Mr. Mack gave us, and therefore I feel I ought to have that information.

Now, according to my information the strain upon our production of copper is quite pressing, and it is a situation where there have to be rather careful allocations.

Mr. COX. That is right, although copper is not in as short supply as earlier in the war.

Mr. TABER. Now, under those circumstances, is it proper, then, to figure that as much as \$104,000,000 can be taken out of what we will have available, considering the problems that we will have to meet ourselves?

Mr. COX. I would say that that amount is not excessive, Mr. Taber. As one of the indexes of the shipments in the fiscal year 1944, note the figures for the calendar year 1943 which includes the first 6 months of fiscal 1944. In the impact table given at the bottom of the sheet you will see the amount of calendar 1943 lend-lease exports given in short tons. That amount is greater than the budgeted amount for fiscal 1945. Moreover the percentage of the total 1943 American supply, sent to lend-lease countries, is substantially higher than the percentage of estimated supply for 1944 which is budgeted for lend-lease in fiscal 1945.

Mr. TABER. Here we have another picture. Of course, this is evidently on a calendar-year basis; that is these little tables in the corner are on a calendar-year basis, but on the other hand, it is rather apparent from the figures that Mr. Mack has been giving us that the over-all picture for the fiscal year 1944 is not as big as the amount expected to be available in 1945.

Now, having that in mind, it looks like increased demands were to be made upon our own quantities, and that is what made me wonder, if our picture was such that it could take care of it. We know, as Mr. O'Neal pointed out, that there has been very substantially less in the nature of submarine losses in the last 12 to 14 or 16 months, and that those have nearly faded out of the picture.

Now, getting through 95 percent of the stuff is going to leave a lot more over there than getting through 75 percent or 80 percent of it.

Mr. COX. That is right.

Mr. TABER. And we, therefore, would not need to start so much to get as much over there.

Mr. COX. The reason why these are made up on a calendar year basis—

Mr. TABER (interposing). Is that the way the statistic books are set up?

Mr. COX. Yes; the statistics in the War Production Board are made up on a calendar basis. My impression, subject to factual check, is that in this fiscal year in most of these categories we have sent out more than is here requested.

The CHAIRMAN. Is not this true, that these are based on a constantly rising monthly rate?

Mr. COX. That is right.

The CHAIRMAN. Of course, you cannot take a previous year, as it would not apply at all if the monthly rate is steadily rising as has been true in this case, or rising on an average, and last year's estimate is no basis of computation.

Mr. COX. Unless there are countervailing facts which may be present in a particular case.

UNIT COSTS OF CARBON STEEL, COPPER, AND COPPER ALLOYS

Mr. O'NEAL. What about your unit costs of carbon steel, copper, and copper alloys, have you been able to get those at cheaper prices than you were able to get them before?

Mr. Cox. Mr. Mack is an expert on that.

Mr. MACK. They run just about the same. The ceiling prices have remained constant.

Mr. O'NEAL. Are all of these contracts subject to renegotiation?

Mr. MACK. Yes, sir.

Mr. O'NEAL. Some of this cost is saved through renegotiations?

Mr. MACK. Yes, to the extent there were any excessive profits.

Mr. O'NEAL. Is it not reasonable, Mr. Mack, in your business experience, to think that you could buy manufactured articles of that sort as soon as the period of organization is more or less gotten over with, for a lower price than you paid in the past for them?

Mr. Cox. In certain commodities, yes.

Mr. O'NEAL. You have figured your appropriations for the fiscal year 1945 on the basis of costs for the fiscal year 1944, have you not?

Mr. MACK. We have figured them on the basis of costs today.

Mr. O'NEAL. Is it not highly probable that quite a few of those costs, by the very nature of things, as business has had more of a chance to improve and to get better methods, that those unit costs could be reduced?

Mr. MACK. It is possible.

Mr. O'NEAL. And you anticipate that there will be some reduction in those unit costs, do you not?

Mr. MACK. There may be. We have used today's costs because that is the most specific figure in view.

Mr. O'NEAL. And if those could be anticipated this amount probably could be reduced a little bit more; is not that good sound business?

Mr. MACK. To the extent they could be reduced.

Mr. WOODRUM. How much do you think possible savings would cut off of this?

Mr. MACK. I do not feel that we can add anything to the amount we are saving.

Mr. WOODRUM. Your answer left it in the shape that you agreed with Mr. O'Neal that it could be cut some. You ought to be specific on that.

Mr. MACK. I feel this way about it, to the extent that there will be reductions there could be savings.

Mr. O'NEAL. You anticipate reductions. Can you in any way indicate what they might be, what might be reduced?

Mr. MACK. Today I do not know of any specific reductions. There has been on certain specialized commodities an easing of prices.

Mr. O'NEAL. Do you not think that between now and the next few days that you could estimate the savings that might be made? We would like to effect any economies possible. I can already see some of them. Why would it not be a good idea, and in fairness to everybody to indicate where those savings could be made?

Mr. MACK. We would be glad to work with the Bureau of Labor Statistics on such an estimate, but I do not believe that we can get the information in time to insert it in this record.

The CHAIRMAN. In other words, we are playing the market. If the price goes down we win, and if it goes up we lose, and no one can play the market; we have got to play safe in making these estimates.

Mr. O'NEAL. The ceiling has been fixed, but the bottom has not, Mr. Chairman.

The CHAIRMAN. The ceiling has been fixed, but we cannot afford to gamble on the market.

Mr. TABER. I notice the price of copper is figured in here at 26½ cents, but my recollection is that the market on copper is about 12 cents to 14 cents. Now, I do not know much about such things, but I have very considerable curiosity. What can you tell us about that?

Mr. MACK. This category covers copper products, Mr. Taber; copper products at different prices, so that the price we have of 25 or of 26 cents would be the average price for the over-all products. Some would be higher, and, of course, others would be lower.

SUMS RECOVERED THROUGH RENEGOTIATION

Mr. WIGGLESWORTH. What sums, if any, have you actually recovered through renegotiations under lend-lease?

Mr. MACK. My recollection is that thus far we have reviewed and renegotiated in the neighborhood of one hundred cases. The actual recoveries amount to \$9,574,000.

Mr. WIGGLESWORTH. Will you check and at this point put in the record the prices that you are paying per pound for copper?

Mr. MACK. Yes, sir.

(The statement referred to is as follows:)

	<i>Cents per pound</i>
Base alloy.....	20
Wire.....	17
Shapes.....	18
Sheets and strip.....	20
Rods.....	19
Tubing.....	33

Mr. WIGGLESWORTH. That \$8,000,000 or \$10,000,000 is just with respect to the items you are responsible for, or the whole lend-lease?

Mr. MACK. It is the total in the case of those which we renegotiated. The present system is that the agency having predominant interest in the contract handles the renegotiations.

Mr. WIGGLESWORTH. That is, Treasury Procurement has recovered about \$8,000,000 to \$10,000,000?

Mr. MACK. That is right.

Mr. WIGGLESWORTH. Could we have similar information, Mr. Cox, for lend-lease as a whole?

Mr. Cox. I do not believe that this information is available. Renegotiation would cover both lend-lease and the Army supplies for our own forces, as well as supplies for other agencies under contract in which lend-lease procurement agencies have an interest, so that this is a comingling of interests and the lend-lease portion cannot be separated.

RECAPTURE OR SALE ON CREDIT WHEN WAR ENDS

Mr. LUDLOW. Supposing this 226,000 short tons of copper and brass products should reach the Soviet Union a week after the war with Germany ends, what would happen with regard to compensation for that copper? Would Russia pay the United States?

Mr. Cox. If it got to Russia a week afterwards?

Mr. LUDLOW. Yes.

Mr. Cox. We could either recapture it or make an arrangement with them under which they paid for it if they wanted to use it, and we wanted to let them have it.

Mr. LUDLOW. I wonder if recapture would be practical in view of the transportation costs that would be involved. You would have to sell it then, would you not?

Mr. Cox. What we are trying to do, if possible, is to work out arrangements before the shooting is over so that we shall have a practical solution to those problems after the shooting is over.

Mr. LUDLOW. Your understanding is that if it gets over there after the war ends that Russia will pay for it?

Mr. Cox. Probably.

Mr. LUDLOW. On a credit basis?

Mr. Cox. Probably, although no definite plan has yet been agreed upon.

ALUMINUM

The CHAIRMAN. The next item is "Aluminum" on page 36 of the justifications, \$155,018,400, which has been reduced \$32,200,000, leaving a net of \$122,184,000. The original estimate was 9.6 percent; that is, a little bit less than 10 percent of the total 1944 United States reduction, and with the reduction of about one-fifth of the amount it would be something over 7 percent of the total production. We are in pretty good shape in the United States with regard to aluminum, are we not? It seems to me that Friday or Saturday we released quite a large amount of aluminum that was supposed to be required for war purposes?

Mr. MACK. Yes, sir; that is in much easier supply now.

The CHAIRMAN. Whereas we had, in the beginning, anticipated an acute shortage of aluminum in view of the large requirements of our airplane industry?

Mr. MACK. Yes, sir.

The CHAIRMAN. We have produced it so efficiently that we now have a surplus rather than a shortage.

Mr. MACK. Yes, and a very substantial production has been developing during the war.

The CHAIRMAN. So, we are in a position to supply our allies with a very substantial quantity without in any way affecting our own requirements?

Mr. MACK. Yes. I am sure that any reaction you have from W. P. B. will be along those lines, that it is in free supply.

Mr. WIGGLESWORTH. Most of this also goes to one country, I notice.

Mr. MACK. Yes, sir.

Mr. WIGGLESWORTH. What amount have we supplied to date?

Mr. MACK. Thus far from the beginning of the program, through March 31, 1944, to the British Empire, \$21,853,365.62; to Russia, \$40,569,310.55; to China, about \$200,000, and to all other countries, about \$200,000; a total of \$62,800,955.27.

Mr. WIGGLESWORTH. And what is a comparable figure for fiscal 1944 as compared with the \$122,800,000 for fiscal 1945?

Mr. MACK. I do not have the figures for fiscal 1944.

Mr. WIGGLESWORTH. Can you furnish that for the record?

Mr. MACK. Yes.

(Information requested follows:)

For the 12-month period, April 1943 to March 1944, our total transfers were \$45,166,318.

Mr. WIGGLESWORTH. What is the cost basis for this estimate?

Mr. MACK. Today's prices again. For ingot and powder, the figure is \$200 a thousand pounds, and for wrought forms the figure ranges as high as \$670.

Mr. LUDLOW. What is the wrought forms?

Mr. MACK. Fabricated forms.

Mr. LUDLOW. Different shapes?

Mr. MACK. Yes.

Mr. WIGGLESWORTH. Those are the market figures for today?

Mr. MACK. Those are prices today as near as we can estimate them.

Mr. WIGGLESWORTH. That is used as a basis of this estimate?

Mr. MACK. Yes.

Mr. LUDLOW. Are the forms referred to in the estimate already fabricated?

Mr. MACK. To some extent; for the most part I imagine they would have to be made.

Mr. LUDLOW. How long would it take to fill the requirements?

Mr. MACK. I think the aluminum industry has a very good backlog; it is capable of tremendous production.

ZINC

The CHAIRMAN. Page 37, zinc, \$4,273,000, while this is a small item it is very important in the spot to which it is destined. How do you account for the reduction in this item of zinc, Mr. Mack?

Mr. MACK. The F. E. A. can give you that information.

Mr. Cox. That, Mr. Chairman, is a relatively small percentage of the available supply, smaller in terms of contemplated exports than it was the year before. For example, in 1943—

The CHAIRMAN. I see it is almost exactly one-fourth of what the lend-lease was last year.

Mr. Cox. Yes.

The CHAIRMAN. In view of that fact how do you account for the fact that they need only one-fourth of the lend-lease last year?

Mr. Cox. I think there are several reasons for that, Mr. Chairman. One which is noticeable is that the United Kingdom has, as you will note from the comments here, some other sources of supply available now.

The CHAIRMAN. And that applies for all sources of supply?

Mr. Cox. Yes.

Mr. TABER. Why do they ask so much for French North Africa; why should they be putting out so much for there?

Mr. Cox. For one thing they had no supply for this at all for the last 3 or 4 years. As you will note, the French Army requires 60 short tons—that is about \$20,000 worth—60 tons for building and repair work.

Mr. TABER. Very well. I guess I was looking at the wrong figure.

LEAD

The CHAIRMAN. Lead, page 38; lead and lead products, \$475,400. In former days that was one of the most essential, if not the most essential munition of war. We always spoke of powder and lead. We do not seem to be using much now. Evidently our requirements for military purposes are less or they are securing it elsewhere. Is that the case?

Mr. COX. Of course, as you know, lead is not used to anything near the degree in the present war as it was used in prior wars. Steel, copper, and brass, and tin are used much more.

The CHAIRMAN. You are using only about one-quarter of 1 percent.

Mr. COX. That is right.

The CHAIRMAN. Of our 1944 supply.

Mr. COX. Yes.

Mr. TABER. Will you give us what was spent this year?

Mr. COX. Yes. Why not assume that is requested for each of the items in the book?

Mr. TABER. I think that would be much better.

SILVER

The CHAIRMAN. The next item is for silver, on page 39, \$23,491,000. We have had the silver situation up here before and I think the committee understands it. The silver is for coinage purposes in several countries to which it is being transferred, and the agreement with them is that it will be returned to us, ounce for ounce, after the war, so that what we really lend-lease is the use of the silver for the duration.

Mr. COX. There is some for industrial purposes, too.

The CHAIRMAN. It is lend-lease.

Mr. COX. 66 percent of the United Kingdom total is for essential coinage purposes and the rest is for use in the aircraft and arms industries; roughly about one-third is for industrial uses in the United Kingdom.

Mr. LUDLOW. Where does the United Kingdom normally get its silver for coinage? It is rather anomalous to be calling on us for silver for coinage, is it not?

Mr. COX. No; they have gotten it from all parts of the world, China, Mexico, and so forth.

Mr. TABER. Spain, mostly.

Mr. LUDLOW. Spain. This is because their source of supply, normal supply, has been cut off.

Mr. COX. Partly because of blockade operations, and partly because of the shortage of shipping.

The CHAIRMAN. Has there been any change in this program since Mr. Stettinius explained it to the committee sometime back?

Mr. COX. No.

The CHAIRMAN. No change in the situation.

Mr. TABER. It is still 72 cents an ounce?

Mr. MACK. 71 cents.

Mr. COX. 71 and a fraction cents.

The CHAIRMAN. Of course, the price means little since the agreement is to return it ounce for ounce regardless of whether the price goes up or down.

Mr. MACK. That is correct.

Mr. TABER. It may be 15 cents an ounce when it is returned.

The CHAIRMAN. But the agreement is to return it ounce for ounce when it is sent back.

Mr. TABER. And there is no dollar consideration involved.

The CHAIRMAN. No. We do not get it on the basis of dollar return.

Mr. Cox. You will recall that in these transactions, Mr. Chairman, what we have done is to get in touch with this Committee, and especially the Senate Silver Committee, and furnish full information. We have secured approval with respect to all silver transactions.

METALS AND ALLOYS

The CHAIRMAN. Page 40, other metals and alloys, \$62,498,301. This is a group very necessary in the manufacture of armaments, ammunitions, and I note that in the case of two of these the per cent of our estimated 1944 supply to be allocated is 15.6 in one case, that of magnesium, and 32.8 per cent in the case of molybdenum. Is that one of the recently discovered elements?

Mr. Cox. I think that is one of the fancy names they gave just to make it difficult for the layman.

The CHAIRMAN. Evidently there is a world wide shortage of these metals?

Mr. Cox. The ferro-alloys are not as short as they have been, except in Germany. We have had most of the existing sources of supply. Such things as wolfram and chromium have been substantially cut off to Germany. And, the export of chrome from Turkey into Germany has been cut off. Their manganese supply has been cut and recently Spain's shipments of wolfram have been cut down. Magnesium, of course, is used in the manufacture of bombs.

Mr. TABER. Well, magnesium has to be imported very largely from Russia, does it not?

Mr. Cox. No; manganese.

Mr. TABER. Manganese?

Mr. Cox. Yes. Russia had a big supply of manganese, which it recently regained, in the recapture of Nikopol. What is shown here is magnesium, a light metal used in the manufacture of aircraft and also in incendiary bombs.

NONMETALLIC MINERALS

The CHAIRMAN. Page 41, nonmetallic minerals, \$13,346,348, with no reduction. This is a miscellaneous group composed largely of abrasives and graphite products used in connection with war-manufacturing operations. A small amount is required, but apparently the impact on our supply is small.

Mr. Cox. Yes.

Mr. MACK. It is used for grinding purposes.

Mr. TABER. This thing, I do not understand the set-up exactly. Why do they need to send all these things to Russia and to the United Kingdom at this time?

Mr. Cox. The abrasives you refer to?

Mr. TABER. Yes.

Mr. Cox. Abrasives are almost indispensable in war production. You cannot grind precision instruments without abrasives; and the

same thing it true for bomb sights. Abrasives are essentially a consumable item.

Mr. TABER. They have got quite a quantity for the United Kingdom and for the other British Empire Islands.

Mr. Cox. Yes.

Mr. TABER. And a very considerable quantity for Turkey and French North Africa. Why do you need all of that?

Mr. Cox. I think there again—I do not think the amount for Turkey is very large, 40 short tons.

Mr. TABER. Do they not have a great deal of graphite of their own?

Mr. Cox. I do not think so.

Mr. TABER. I was under the impression they did; I may be wrong.

Mr. Cox. I understand Turkey does not have any.

PHOSPHATE AND OTHER FERTILIZERS

The CHAIRMAN. Phosphate and other fertilizers, page 42, \$3,581,200 no cut-back. I see the largest part of this is for rock phosphate Australia and New Zealand, countries which are producing large quantities of food; in fact, the largest part of the food consumed by our expeditionary force over there, and to that extent relieves the demand on our national supply of food, also relieves the demand on our transportation facilities.

Mr. MACK. Yes.

Mr. LUDLOW. These phosphates have to be shipped 10,000 miles. Can you not obtain phosphates closer to Australia and New Zealand than that?

Mr. Cox. Not as far as I know.

Mr. MACK. This has been a very big item. Thus far, under the lend-lease program we have shipped about 900,166 tons of phosphate rock and about 325,000 tons of super-phosphates, most of it to the British Empire—in fact, all of that went to the British Empire.

Mr. LUDLOW. We have to pay enormous freight rates; that would amount to a considerable sum.

Mr. Cox. Mr. Ludlow, wherever it is possible from the standpoint of shipping and supplies, of course, if there is an alternative supply for any of the lend-lease items we use them. One of the best illustrations is in the case of rock phosphate: You will note that none of it is scheduled for supply to the United Kingdom.

Since French Africa was retaken by the Allied forces we have supplied no phosphate rock to the United Kingdom; it has been supplied from French Africa.

Mr. TABER. It is mostly for agricultural production, is it not?

Mr. Cox. Yes; most of it.

Mr. TABER. And none of it would be used until the spring of next year?

Mr. Cox. I think so. I do not know enough about the seasons in Australia and New Zealand to be certain.

Mr. TABER. There may be a difference there, but for the British islands most of it would not be used until next year, a year from now.

Mr. Cox. I do not know; you are probably right. I am not an expert on that.

Mr. TABER. That is about half of this figure, or a little bit under.

Mr. LUDLOW. I was under the impression that Australia and New Zealand could get phosphate from closer sources.

Mr. Cox. I understand they get most of it from this country, or did.

I am advised there are two islands nearer to Australia from which they did obtain some, but they are in the hands of the Japanese now.

Mr. LUDLOW. In other words, the Japs have cut off their source of supply?

Mr. Cox. Yes.

OTHER CHEMICALS

The CHAIRMAN. Other chemicals, page 43-A, \$100,075,244 on which there is a cut-back of \$20,700,000, leaving a net of \$79,375,244. This is a miscellaneous group of materials for military purposes. Some of these countries had very little manufacturing capacity for these chemicals before the war and are highly dependent on lend-lease for them now. They have always been dependent upon us and at the present time are even more dependent upon outside sources for these absolutely essential supplies. I note that in every case except one or two the percentage of our total production estimated to be needed is lower than the supply in 1943. Does that indicate that the need is decreasing or that the capacity through supply is decreasing?

Mr. Cox. It depends upon several factors; one of which is the availability of other sources of supply. For example, ethyl alcohol for 1944-45 shows estimated lend-lease exports of 8.3 percent of 1944 estimated supply. In 1943 the corresponding figure was 12.5 percent. Increased production of ethyl alcohol is, for example, now made available in Canada.

The CHAIRMAN. Are all of the Treasury procurements for lend-lease made in the United States?

Mr. Cox. Yes; substantially all.

The CHAIRMAN. No purchases are made elsewhere?

Mr. MACK. You are speaking only of these products?

The CHAIRMAN. I mean all Treasury procurements for lend-lease.

Mr. MACK. Of course, we purchased nickel abroad, we purchased some petroleum items, but we have made very few purchases outside this country.

Mr. TABER. How much did you send to Russia this year, Mr. Mack?

Mr. MACK. For this year?

Mr. TABER. Yes; have you got this year?

Mr. MACK. I will have to give it to you from the beginning.

Mr. TABER. Very well.

Mr. MACK. From the beginning of the program to March 31, to Russia, we transferred products that come within this category to a total of \$13,322,623.19.

Mr. TABER. That means you are multiplying what you have already sent on this basis by four?

Mr. MACK. The requirements for the fiscal year 1945 are \$52,000,000.

Mr. TABER. That is four times what you have sent them altogether?

Mr. MACK. That is right.

Mr. TABER. What about the British; what are you doing with them, and what did you send them previously?

Mr. MACK. A comparable figure was \$53,022,970.75 to the British Empire.

Mr. TABER. And what was figured in that; does that include the other part of the British Empire?

Mr. MACK. Yes; the United Kingdom and the British Empire.

Mr. TABER. You have several other countries that are up pretty well. Why are they so high; why do they need so much? You have got French north Africa; and South America, \$4,000,000. Why do they need all of that?

Mr. COX. There again it is used for arsenals and ordnance factories, and for the production of finished munitions.

One fact, I think, is worth noting: Frequently as the needs for one country go up the needs for another go down.

Mr. TABER. Why have Russia's demands gone up so markedly in this particular situation?

Mr. COX. I think that is because of their limited shipping, which has gradually become more available, because there are more ships being built and less sinkings. As was indicated this morning, food was one of the highest Soviet priorities at one time. With the possible change in the food outlook as a result of the retaking of the Ukraine it is likely that a shift may take place in which industrial items will represent the more pressing needs.

Mr. LUDLOW. Will you tell us a little more about South America?

Mr. COX. The only things we are sending to South America are finished munitions, such as coastal defense guns, and arsenal supplies. Nothing is supplied except with the approval of the military.

Mr. LUDLOW. South America does not have a single man in the United Nations fighting fronts, has it?

Mr. COX. Perhaps Brazil.

Mr. LUDLOW. I have not heard of a single one.

Mr. COX. I am not sure.

Mr. LUDLOW. They may be getting ready to enter, I do not know.

DEFINITION OF TRANSFERS

Mr. WOODRUM. Mr. Mack, I am a little confused concerning some questions that have been asked relating to transfers.

Mr. MACK. Yes.

Mr. WOODRUM. As I understand that means exports?

Mr. MACK. It means goods turned over to foreign countries.

Mr. WOODRUM. There seems to be a difference between your transfer figures and your obligation figures. Is that because the transfer figures represent procurement commitments in the United States and the obligations mean that in transfer goods may be taken from stocks already procured?

Mr. MACK. My definition would be this: That obligations represent commitments.

Mr. WOODRUM. Commitments.

Mr. MACK. Purchases, and transfers means that a part of the purchases are actually turned over to the foreign governments.

Mr. WOODRUM. And some of that may be from your stocks and some of it may represent new purchases?

Mr. MACK. That might be.

Mr. WOODRUM. It seems to me that the figures, the way the questions and answers appear in the record, are confusing. I think they are not quite clear to me.

Mr. COX. I do not think they are clear. I think to get a completely accurate picture you ought to follow right through the list of lend-lease commodities, and for each item or fiscal order show the obligations, the deliveries into inventories or the inventories themselves, the transfers to lend-lease countries, and the exports. This should be done for each of the first three quarters of fiscal year 1944.

Mr. WOODRUM. That is what you have in mind furnishing in response to Mr. Taber's question?

Mr. COX. Yes.

Mr. TABER. I rather understood that you have the obligations as one thing; then you show the delivery to the Lend-Lease Administration, or whatever the purchasing agent is; and then show transfers to the other countries.

I was not interested in the individual picture on exports because there is not so much difference between the exports end in the over-all picture and the transfers; perhaps 6 weeks.

Mr. COX. Except we can give it if you want it.

Mr. TABER. It may be better if you would put the whole thing in.

Mr. COX. I think we ought to.

Mr. TABER. For the four or five items.

Mr. COX. I think we ought to give you as complete picture as we can.

TEXTILES, CLOTHING, AND LEATHER

The CHAIRMAN. Textiles, clothing, and leather, page 46, \$107,186,950, on which there is a reduction of \$22,223,000 or about 20 percent, leaving a net estimate of \$84,996,950. This is an important item and some parts of it come pretty close to the relief border line. As a matter of fact, two-thirds of it is in that category. I think we should have a rather detailed statement as to that particular aspect of it. Just what is the situation in respect to that, Mr. Cox?

Mr. COX. So far as the needs and usage are concerned, the detail is available. I do not think we need to go into the items such as nylon, which is used exclusively for military purposes, principally in making parachutes.

The CHAIRMAN. I notice there is a demand of about 22.5 percent of our estimated 1944 supply of nylon, and the explanation on page 47 indicates that it is all to be lend-leased for military purposes, principally.

What is the clothing situation? How strict is the clothing ration?

Mr. COX. It is rationed very strictly in all countries in which any lend-lease supplies are being made available. It is used principally for clothing for the armed forces or for essential civilian uses in places like Australia and New Zealand.

Cotton tire cord in the main is used for the requirements of the armed forces, as indicated in these notes. The United Kingdom is generally self-sufficient in cotton tire cord, but the United Kingdom has found it necessary on an emergency basis to get assistance from the United States to meet its tire-production program.

In the case of Poland and Yugoslavia, the textiles supplied are for prisoners of war to be distributed through the International Red Cross.

Mr. TABER. Well, for Yugoslavia they can go right straight across, can they not?

Mr. COX. That is correct.

Mr. TABER. Practically all of the territory is occupied by the anti-Axis forces.

Mr. COX. There are some Yugoslavs still under the Germans, but I understand General Tito has control of a considerable part of Yugoslavia.

The CHAIRMAN. There is a considerable amount for prisoners of war from enemy-occupied countries that is handled by the Red Cross, and I believe we have discussed that previously.

Have you good evidence that clothing and food sent to these prisoners actually is received by them?

Mr. COX. We do, sir. A number of checks have been established to make sure of that. The packages are distributed by the International Red Cross under the Geneva Convention. The signature of the prisoner is obtained for each package and the Red Cross makes periodic inspections.

The CHAIRMAN. What data do you have concerning the number of prisoners of war?

Mr. COX. There is good data based on all kinds of checks.

COTTON PIECE GOODS FOR CIVILIAN USES

Mr. LUDLOW. I notice that seemingly a good deal of this category is intended for civilian uses, and in cotton piece goods you say, on page 47, it is intended for civilian uses, including distribution for civilians directly engaged in war work.

And in connection with cotton yarn, you state:

Cotton textiles occupy a position of extreme importance in the Middle East in insuring maximum production and equitable distribution, at reasonable prices, of the local cereal crops. Intensive hoarding of crops with attendant unrest, disturbances, and starvation can be minimized by the provision of cotton textiles, which are the most desired consumers' goods in this region.

That would presuppose civilian distribution that is not directly allied with the military effort. How far are you going to go in that direction?

Mr. COX. Mr. Ludlow, we have tried to keep requirements of that kind to a minimum. However, there are some types of civilian requirements that are fully as important in the war as anything used directly by soldiers. I think the case of cotton yarn in the Middle East is a good example of this. With yarn the Middle East through hand-weaving is able to meet approximately half its requirements for cotton cloth—particularly for coarse clothing for the rural population. People must be clothed and you have to have some consumers goods or there is no incentive for people to work, as the United States Army discovered when they first moved into north Africa. Without consumers goods the whole economy breaks down. Crops aren't grown and riots break out. In an area as important as the Middle East this can't be permitted to happen.

Mr. LUDLOW. Of course, you know I want to help in any way I can and want to go along with the military effort, but I am just wondering how far this is necessary.

Mr. COX. These requirements are kept to an absolute minimum.

Mr. LUDLOW. It is your considered opinion that the extent to which this has been going to civilians, that it is essential for the war effort?

Mr. COX. Yes.

Mr. TABER. I can see how the situation is with nylon and tire cords and that sort of thing. That is quite a big factor, but you have quite a bit of just plain cotton cloth. But we are told that the "Australian and New Zealand" item is supplied 90 percent by India and other British Empire units. Those items run into a very considerable amount when you stop to figure it all the way through. That is, you have 90 percent; you have got a billion yards in the whole consumption, running about 80,000,000 yards in the three items; and in French North Africa and in the French colony set-up you have 130,000,000.

Mr. Cox. Mr. Taber, you will notice on the sheet before you certain consumption figures. The Australian and New Zealand consumption figures of underclothing made from the yarn which we send there is rationed at approximately 50 percent of pre-war levels of consumption. The same thing is true of household and apparel textiles. Lend-lease yarn and textiles are supplied to those countries solely for military personnel and for civilians engaged directly in war work.

Mr. TABER. Our yardage is going down all the time, and if those items are maintained on the basis of 10 times the amount allowed here, the percentage they get is not any less than the amount our folks get, substantially.

Mr. Cox. I think it is, Mr. Taber. The amount we are budgeting for fiscal 1945 is 18,000,000 yards less than that supplied under lend-lease in 1943. The amount has gone down appreciably.

Mr. TABER. It certainly has.

Mr. Cox. On the United States supply side you are dealing in billions.

Mr. TABER. I appreciate that, but on the other hand, the population is a great deal less than ours.

Mr. Cox. Yes; but I do not think that in this country we are nearly down to 50 percent of pre-war consumption.

Mr. TABER. Why is the French North Africa figure so big?

Mr. Cox. They have had no cotton piece goods since the spring and summer of 1940.

Mr. TABER. Do they not raise a considerable amount of cotton themselves in north Africa?

Mr. Cox. I do not think so.

The other thing I would like to point out is that the reduction on the basis of obligations indicated on page 1 affects the cotton piece goods category primarily but not nylon and tire cords. This would, of course, reduce these items in terms of impact.

Mr. TABER. There is not any of that in nylons except in the United Kingdom and not any tire cord except in Australia?

Mr. Cox. That is right.

(Discussion off the record.)

LUMBER AND LUMBER PRODUCTS

The CHAIRMAN. Timber products, on pages 48 and 49, is divided into two items, one for lumber and lumber products, amounting to \$37,544,578, on page 48, and the other on page 49 for timber products, largely paper and pulpwood, for which the amount is \$44,210,650, or a total of \$81,755,228.

There is a cut-back of \$17,000,000, leaving a balance of \$64,755,228 in this item.

Taking up the first item, for lumber and lumber products, practically all of this lumber goes to the United Kingdom and consists principally of plywood and veneer for aircraft manufacture, and, of course, that is of most vital importance at this time, and the amount we send represents, according to the figures here, only 2.6 percent of our estimated 1944 supply.

Is lumber and its products closely controlled and rationed in the United Kingdom?

Mr. MACK. There is a very strict control because this is a very tight item.

The CHAIRMAN. Normally, most of the supply of lumber and timber for the United Kingdom comes from Canada. What proportion is Canada supplying at this time as compared with the lend-lease supplies we are sending there from the United States?

Mr. Cox. It is a major proportion. There is no lumber going to the U. S. S. R.; as a matter of fact, they are making available within the limits of their supply and manpower lumber for the United Kingdom and the United States.

WOOD PULP AND PAPER

The CHAIRMAN. For wood pulp and paper, on page 49, the amount is \$44,210,650. That does not seem to be a heavy drain on our supply, in view of the fact that it is only estimated to be less than 1½ percent of our estimated 1944 supply.

Their requirements seem to cover a wide variety of needs, from cigarette paper to map-making paper.

I note, for example, that in 1942 the United States supplied 12 percent of the United Kingdom's paper-making raw materials and for 1944 we propose to cut that down to 5 percent, so it is evident that she has either found other sources, or has been able to tap other sources, or she must be rationing allocations very severely, as we are doing in the United States.

Mr. Cox. The United Kingdom rations newsprint, for example, far more strictly than we do here. Newspapers are only four pages and contain only the most important news. It is a very strict system of rationing of a very essential commodity.

Mr. LUDLOW. Our newspapers get their supply mostly from Canada?

Mr. Cox. Most of it.

Mr. LUDLOW. When we have to get our supply from Canada, why should we be sending wood pulp and paper to the United Kingdom?

Mr. Cox. The wood pulp here is not of the same character as that which can be obtained in Canada. It is a special type which comes only from American sources and is used only in making things which cannot be produced out of Canadian wood pulp.

Mr. LUDLOW. Even so, the British Empire extends all around the world, and they have access to such material that can be produced in those countries that extend all over the surface of the earth. Why could not the United Kingdom get its wood supply from its dominions?

Mr. Cox. They do get most of it there, but this particular kind of wood pulp is not obtainable from Canada or any other place in the Empire.

Mr. LUDLOW. I am not speaking particularly of the paper pulp, but there are other categories of hardwoods and softwoods and other lumber products, and you say those are of a character that cannot be obtained from the Dominions?

Mr. COX. Or any part of the Empire; they are not obtainable there.

Mr. WIGGLESWORTH. Do not they have any hardwoods in India, in north Africa, or Australia?

Mr. COX. Of certain types, and the ones that the British obtain from those places are not provided under lend-lease. The only ones they obtain are the ones not obtainable from any place in the Empire.

Mr. TABER. A lot of those things, like pulpwood that goes into a lot of these papers, come in from elsewhere?

Mr. COX. No; we have checked that. They are from domestic production.

Mr. TABER. You mean it is a temporary situation?

Mr. COX. No; I do not mean that. There are certain types of wood pulp that are not produced in Canada of the character required for war purposes in the United Kingdom, which cannot be obtained in any part of the Empire.

Mr. TABER. I think that is true, but there are a great lot of those factories which produce a specialized paper in this country, but not of the types that are supplied by Canadian supply.

Mr. COX. What is budgeted here is the residual minimum of material that they cannot get anywhere in the British Empire.

RUBBER AND RUBBER PRODUCTS

The CHAIRMAN. For rubber and rubber products, on page 51, the amount is \$192,060,490, on which there is a draw-back of \$39,800,000, leaving a net estimate of \$152,260,490.

This is a very important item, important to everybody, and includes tires and tubes, camelback, reclaimed and synthetic rubber.

I see that practically all of this goes to Russia and the United Kingdom.

Mr. COX. That is right.

The CHAIRMAN. Evidently tires are as closely rationed in England as we are in this country, because the statement here is that since 1940 80 percent of her passenger cars have been withdrawn from use.

What is the corresponding limitation in Russia?

Mr. COX. It is greater. It would be an overstatement to say that we were rationed as strictly as the British.

The CHAIRMAN. Quite an overstatement.

That is camelback and synthetic rubber that will be used purely for military purposes over there?

Mr. COX. Yes, sir.

The CHAIRMAN. None of it is used for civilian purposes?

Mr. COX. No; except perhaps for transport in connection with essential war industries.

(Discussion off the record.)

The CHAIRMAN. But the countries in the British Empire produce a lot of raw rubber.

Mr. COX. Yes, sir.

The CHAIRMAN. What was the situation prior to the war as to the manufacture of tubes and tires in Great Britain?

Mr. COX. I do not know specifically.

The CHAIRMAN. They did bring in the raw material and manufacture it there?

Mr. COX. Yes.

The CHAIRMAN. Did she import the finished product?

Mr. COX. No; the United Kingdom largely imported crude rubber, I think.

The CHAIRMAN. It says here that they produced 85 percent of their requirements in 1942 and 1943.

The impact on our own estimated supply for 1944 is larger than in previous years. It is estimated at 7 percent of our 1944 supply in the case of tires and tubes and 11 percent in synthetic rubber, but if the armies of our Allies are to keep moving it has got to be done. They have to have rubber on which to handle transportation.

Mr. COX. The armies and the planes.

The CHAIRMAN. Is that the judgment of the Combined Boards and the military?

Mr. COX. Yes.

Mr. LUDLOW. As to tires and tubes, there is an item of \$2,614,000 for the Middle East. I note in explanation of that it says that—, truck transportation not only supplements the work of the Iranian Railroad but also serves the essential civilian economy of this area.

Harking back to a similar question asked a while ago, I think our people would almost rebel, when they cannot get tires, if they thought we were furnishing tires to civilians in other countries, unless they were directly connected with the war effort.

Mr. COX. Nothing could be more directly connected with the war effort than Iranian trucking.

Mr. LUDLOW. I was trying to stand up for John Citizen who has a good deal of tire trouble.

Mr. COX. So am I.

Mr. TABER. For tires and tubes you have \$42 for the cost of each one that goes to Russia and about the same for each one that goes to Britain.

When you come to the other picture it is about the same, or perhaps a little more. Why do you have such a price as that on tires and tubes? It is the same amount, and that would be a pretty good sized figure, for trucks of the type we have been considering, costing perhaps a couple of thousand dollars apiece on the average. It seems to me that would be an awful big price.

Mr. MACK. The tires and tubes are of the larger size, of course.

Mr. TABER. How big do they get for this particular job? You have been telling us about the cost of these individual trucks, and they run on the average about \$2,000 apiece. There were a few that ran up to \$3,200 or \$4,000.

Mr. MACK. That is the general run of them.

Mr. TABER. That is a pretty big price for a tire and tube, \$42.

Mr. MACK. Based on experience up to this time, that is a correct price for them.

Mr. TABER. Then you are sort of boosting the ante?

Mr. MACK. They run about \$41.

Mr. TABER. It is \$42.

Mr. LUDLOW. In the Middle East they are just a shade under \$43.

Mr. MACK. Yes; \$42.85.

Mr. TABER. That would mean \$60 for a tire and \$20 for a tube.

Mr. MACK. No. This price includes the tire and tube.

The CHAIRMAN. Does this not resolve itself into the question of what is a unit?

Mr. MACK. Yes, sir. The price we are setting up here covers a tire and tube as a unit.

Mr. TABER. That is a unit?

Mr. MACK. Yes, sir.

Mr. COX. As I remember it, a good many of the heavy-use tires are for military transport trucks, and some of them run 4½ tons or bigger. A tire for a truck that large is a pretty expensive tire.

Mr. TABER. Those were not anything like that in the type we were talking about previously.

Mr. COX. No; but I would like to point out that not only are these types of trucks being financed from these appropriations, but it also includes, as I understand it—

Mr. TABER. Those are the ones you say you will capture from the Germans?

Mr. COX. No, we are not that optimistic this week. Those are the ones the War Department made available under its appropriations.

The CHAIRMAN. The word "tires" is a very indefinite term. There are many kinds of tires. Are there any airplane tires included here? Suppose you insert in the record at this point a statement showing the different categories of tires with the cost per unit of the various categories.

Mr. COX. Yes, sir; we will be glad to put that statement in the record.

(The statement requested is as follows:)

Unit costs of tires and tubes, by category

Type of vehicle	Price per tire and tube	
	Standard tread	Mud and snow tread
5-ton truck	\$53.77	\$56.56
Medium size truck	27.74	28.06
Light delivery truck	11.36	11.67
Passenger car	(4-ply) 8.14	(6-ply) 10.25
Motorcycle	4.80	

NOTE.—The foregoing prices are for crude rubber tires. For synthetic rubber tires, the prices are 17½ percent greater than those quoted above.

Mr. TABER. Do you furnish Britain with all her tires, or do they make some themselves and you furnish the others?

Mr. COX. They make some themselves out of the rubber they obtain themselves. The United Kingdom gets some rubber from Ceylon.

Mr. TABER. You have 102,000 tons going in there of synthetic rubber.

Mr. COX. Yes, sir.

Mr. TABER. And 11,000 tons of reclaimed rubber.

Mr. COX. Yes.

Mr. TABER. The 102,000 would be a considerable percentage of their normal consumption, I would imagine?

Mr. Cox. Perhaps of their normal peacetime consumption, but their wartime consumption is a great deal higher, because of the great number of war vehicles that run on rubber.

Mr. LUDLOW. Are you sure you can get this 102,450 tons of synthetic rubber?

Mr. Cox. The Rubber Director, who is the wisest fellow on rubber that we know, has indicated that we probably can.

(Discussion off the record.)

Mr. WIGGLESWORTH. What is the present market price of synthetic rubber?

Mr. MACK. About \$720 per ton.

Mr. WIGGLESWORTH. You have \$740 here as the cost per ton.

Mr. TABER. What is it going to Britain?

Mr. MACK. The cost is \$722.86.

Mr. WIGGLESWORTH. That is the present market price for synthetic rubber?

Mr. MACK. Yes, sir.

Mr. WIGGLESWORTH. That is 35 cents a pound.

Mr. MACK. Just about that.

MISCELLANEOUS COMMODITIES

The CHAIRMAN. The item for miscellaneous commodities on page 52, for which the amount is \$5,318,700, seems to be a catch-all of articles not otherwise classified. I take it that the bulk of these are for military supplies. You include wire screen and cloth for manufacturing explosives, and for barracks construction and many miscellaneous purposes.

Is there anything special that could be said that would add to the information you give in the notes in the justifications?

Mr. MACK. Nothing other than that the bulk of the wire screen and cloth goes to Russia. The next item, miscellaneous, is for just about everything. It covers a wide variety of items the requirements of which would not be sufficient to make a separate category out of them.

OTHER EXPENSES

The CHAIRMAN. We have some other expenses not included among the commodity groups in this large book. If the members of the committee will turn to the small orange-colored folder, exhibit II, you will find there an item of \$25,000,000 for inland transportation and storage, which is a part of the items under category 9, of \$25,000,000.

INLAND TRANSPORTATION AND STORAGE

I assume this includes freight to the seaboard, storage at ports awaiting shipment, and inland storage awaiting shipment to seaports.

Mr. MACK. It also includes stevedoring and the cost of trucking.

The CHAIRMAN. Give us a general statement about that.

Mr. MACK. That item includes the costs you have mentioned, and the storage costs, the costs of damage during transit, and of stevedoring, trucking, and demurrage when those costs are not allocable

to any other category. You understand that under some of our contracts, such as steel for example, these costs are included in the contractor's price to us. Where goods are procured by us on an f. o. b. origin basis, these costs are allocated to the category to which the goods are charged. This item in category 9 includes only transportation, storage, and accessorial costs which cannot be allocated to any other category. Thus the greater part of our total transportation costs is contained in the costs under the fiscal code items.

For the first 9 months of this fiscal year the expenses for transportation and storage in category 9 were \$16,100,757, or an average of about \$1,800,000 per month.

The CHAIRMAN. On what rate of expenditure, or basis of estimating is this figure predicated?

Mr. MACK. That would be on the basis of \$1,800,000 per month.

NUMBER OF WAREHOUSES MAINTAINED

The CHAIRMAN. How many warehouses are maintained?

Mr. MACK. We use a number of private warehouses, probably in the neighborhood of 50. I will give you the specific number in the record: Commercial, 120; Army, 16; railroad, 14.

The CHAIRMAN. How is this item broken down as to transportation and storage?

Mr. MACK. Transportation, of course, is a direct charge that has to do with the movement of the goods, and the storage, of course, is the expense when it is placed in storage, and the charge is incidental to it.

The figures I have given you are for the average type of expense under transportation and storage in category 9.

Mr. LUDLOW. Does the Government get a reduced rate on storage where you hire private storage?

Mr. MACK. On private storage there is no public rate because it is Government storage. It is a matter of making the best deal you can because of the volume of the commodity or the nature of the commodity and the ease of handling it in and out.

Mr. LUDLOW. What about transportation?

REDUCTION IN RAILROAD RATES

Mr. MACK. Of course, there are land-grant roads where we have land-grant rates, and we are moving a lot of war goods over those roads.

We have had a rather interesting development this year along the lines of transportation. We have had a number of conferences with the railroads on moving shipments to the west coast, in conjunction with the Army, the Navy, and the Maritime Commission and voluntary reductions in rates have been agreed upon, the the total reductions as the result of that agreement between the railroads, the Army, the Navy, the Maritime Commission, and ourselves will be about \$50,000,000, with about \$20,000,000 on our movements alone.

Mr. LUDLOW. That is quite an item.

Mr. MACK. It is, because heretofore goods moving to the west coast for export have amounted to shipments of about a billion dollars on the basis of the domestic rate and they gave us the credit for land-grant rates. On the export rate, under existing conditions,

moving from the west coast, it is almost impossible to conform to that rate.

As a result of this adjustment there will be quite a substantial change in railroad rates.

(Discussion off the record.)

Mr. TABER. This \$25,000,000 spent on inland transportation and storage is all spent under your direction; is it not?

Mr. MACK. Yes, sir.

Mr. TABER. I understood you to say there was about \$16,000,000 spent in this fiscal year, in the first 9 months.

Mr. MACK. Yes, sir; in category 9.

Mr. TABER. How much in dollar volume, in that period, were the shipments to foreign countries?

Mr. MACK. I can give you the amount of the transfers for the first 9 months, as a comparable period.

(Discussion off the record.)

Mr. TABER. I thought you did the whole job of this transportation and storage for the lend-lease shipments.

Mr. MACK. This is for our materials.

VALUE OF TRANSFERS FOR FISCAL YEAR 1944

Mr. TABER. How much of a dollar volume did you have?

Mr. MACK. I will have to get you the amount of the transfers. There will be other figures that will come into that such as the movement to storage pending transfer, or the movement from storage to port pending transfer.

Mr. TABER. If I could get the dollar volume for that period, and the dollar volume for the whole year 1945, I will have something that I can get sight of. Perhaps it would not be in dollars and cents, but it would give me some kind of a picture.

Could you give me that?

Mr. MACK. Yes; I can get that for you.

Mr. TABER. Have you got it here?

Mr. MACK. I do not have it right here, but I can supply that.

Mr. TABER. Suppose you supply that.

Mr. MACK. Yes; I will be very glad to supply it.

(The statement requested is as follows:)

Value of transfers to foreign governments first 9 months of fiscal year 1944

1943:	
July.....	\$43,362,898.52
August.....	44,017,860.77
September.....	93,301,348.43
October.....	62,903,657.05
November.....	108,090,842.83
December.....	74,635,850.87
1944:	
January.....	87,937,575.10
February.....	56,089,798.58
March.....	108,561,678.50
Total.....	678,901,510.65

Mr. TABER. At how much is your dollar volume for the whole fiscal year estimated?

Mr. MACK. That is \$1,562,788,656. I can give you that comparable figure for the first 9 months of this year. That would be \$806,182,725.56.

Those are purchase figures.

Mr. TABER. The tonnage volume you do not know anything about?

Mr. MACK. We could develop that.

Mr. TABER. On some things you could, but on other things it would be rather difficult?

Mr. MACK. We would have to use estimates to a good extent.

ADMINISTRATIVE EXPENSES

The CHAIRMAN. Now, you also have items of procurement and administrative expenses as shown on exhibit 3 in this same, small binder, consisting of \$4,888,000 in the first column under category 7 for procurement expenses, \$412,000 under category 9 for operation of warehouses, and \$1,300,000 for administrative expenses under category 10. These items total \$6,600,000, and the personnel and expenses making up that total are found commencing on page 25 of this document which has not yet been numbered. On page 25 you will find a comparison between the 1944 and 1945 estimated situations.

On page 27 you show a total of 2,107.8 man-years of employment in 1944 both for procurement and administration, at a gross cost of \$5,350,000. Then for 1945 you request a total of 2,080 man-years, at a gross cost of \$5,312,400, which is a reduction of 28 man-years, and about \$38,000.

I believe it would enable the committee to have a better view of your organization if you would place in the record this kind of a statement divided between the department and field: First, the number of positions on the roll at the end of each month, commencing with July last and ending with March, the number of positions you were authorized to have, the number vacant, and the budget ceiling on personnel for the month, together with your projection of those figures for the months of April, May, and June.

Also give us by departmental and field the number of positions you request for 1945. Put that in in the form of a statement.

Mr. MACK. All right.

(The statement referred to is as follows:)

Statement of the total number of positions, filled positions, and vacant positions at the end of each month from July 1943 to April 1944 and estimates for the months of May and June 1944

Month	Departmental			Field			Totals			
	Total positions	Filled positions	Vacant positions	Total positions	Filled positions	Vacant positions	Number positions	Filled positions	Vacant position	Budget ceiling
ACTUAL										
1943—										
July.....	1,150	1,132	18	1,050	968	82	2,200	2,100	100	2,200
August.....	1,150	1,118	32	1,050	1,022	28	2,200	2,140	60	2,200
September.....	1,100	1,085	15	1,100	1,019	81	2,200	2,104	96	2,200
October.....	1,100	1,095	5	1,100	1,015	85	2,200	2,110	90	2,200
November.....	1,100	1,046	54	1,100	1,010	90	2,200	2,056	44	2,200
December.....	1,050	1,038	12	1,050	1,007	43	2,100	2,045	55	2,100
1944—										
January.....	1,050	1,033	17	1,050	1,003	47	2,100	2,036	64	2,100
February.....	1,050	1,032	18	1,050	997	53	2,100	2,029	71	2,100
March.....	1,050	1,038	12	1,050	999	51	2,100	2,037	63	2,100
April.....	1,050	970	80	1,050	1,019	31	2,100	1,989	111	2,100
ESTIMATED										
May.....	1,050	1,025	25	1,050	1,025	25	2,100	2,050	50	2,100
June.....	1,050	1,050	0	1,050	1,050	0	2,100	2,100	0	2,100

Number positions requested—1945:

Departmental.....	1,075
Field.....	1,005
Total.....	2,080

The CHAIRMAN. Then we would also like to have a statement of obligations, month by month, for the same period, showing the amount for salaries, travel, transportation, and for each of these other classes of expenditure, with the total for the 9 months, and your estimated obligations for the remaining 3 months, so as to cover the entire year.

(The statement referred to is as follows:)

Statement of obligations, by months, for each expenditure classification, showing actual obligation for 9 months and estimated obligations for 3 months

	01 Personal services	02 Travel	03 Transporta- tion of things	04 Communica- tion services	05 Rents and utility services
ACTUAL					
July 1943.....	\$463,431.98	\$34,211.83	\$342.94	\$39,072.17	\$15,861.38
August.....	463,194.42	34,735.67	302.42	39,123.29	4,262.88
September.....	463,514.57	34,297.64	297.99	45,072.82	16,484.69
October.....	453,933.98	30,833.33	(494.35)	20,720.63	20,643.47
November.....	454,280.81	23,414.79	2,673.51	17,648.77	26,042.30
December.....	423,874.50	34,841.27	875.48	42,258.92	30,114.56
January 1944.....	400,797.77	37,321.93	1,220.25	27,951.21	28,188.35
February.....	429,252.78	32,082.06	864.60	26,296.03	22,321.46
March.....	436,041.02	44,088.80	381.46	22,978.73	18,113.79
Total, 9 months.....	3,988,321.83	305,827.32	6,464.30	281,127.57	182,032.88
ESTIMATED					
April.....	445,000.00	40,000.00	1,000.00	35,000.00	21,489.04
May.....	445,000.00	40,000.00	1,000.00	35,000.00	21,489.04
June.....	445,000.00	40,000.00	1,000.00	35,000.00	21,489.04
Total for 3 months.....	1,335,000.00	120,000.00	3,000.00	105,000.00	64,467.12
Total fiscal year 1944.....	5,323,321.83	425,827.32	9,464.30	386,127.57	246,500.00

¹ Actual obligations understated due to adjustments for prior fiscal years being reflected in monthly amounts.

Statement of obligations, by months, for each expenditure classification, showing actual obligation for 9 months and estimated obligations for 3 months—Continued

	06 ¹ Printing and binding	07 ¹ Other contin- gent services	08 Supplies and materials	09 Equipment	Total
ACTUAL					
July 1943.....	\$11,444.15	(\$11,062.93)	\$4,316.74	\$6,024.33	\$563,642.59
August.....	9,126.73	(4,083.37)	28,076.18	6,030.88	580,774.10
September.....	8,862.46	8,082.05	16,585.00	8,672.33	601,869.55
October.....	3,107.93	3,486.27	1,524.31	1,711.63	535,467.20
November.....	(7,435.20)	2,330.11	10,579.25	5,460.40	534,994.74
December.....	1,291.07	1,779.53	3,593.38	3,176.74	541,805.45
January 1944.....	10,748.10	9,282.24	7,624.16	5,674.55	528,808.56
February.....	870.00	1,428.12	5,681.07	7,532.76	526,328.88
March.....	1,942.44	10,463.64	15,140.54	2,639.14	551,789.56
Total, 9 months.....	39,957.68	21,705.66	93,120.63	46,922.76	4,965,480.63
ESTIMATED					
April.....	6,000.00	5,500.00	10,734.79	6,949.30	571,673.13
May.....	6,000.00	5,500.00	10,734.79	6,949.29	571,673.12
June.....	6,000.00	5,500.00	10,734.79	6,949.29	571,673.12
Total for 3 months.....	18,000.00	16,500.00	32,204.37	20,847.88	1,715,019.37
Total fiscal year 1944.....	57,957.68	38,205.66	125,325.00	67,770.64	6,680,500.00

¹ Actual obligations understated due to adjustments for prior fiscal years being reflected in monthly amounts.

NOTE.—Parentheses represent credit figures.

FURTHER REDUCTIONS IN PERSONNEL

Mr. LUDLOW. Very heavy reductions were made in a good many of the categories of estimates that have been presented to us here, amounting to many millions of dollars. Are those reductions not reflected in any way in the reduction in personnel? Could you not cut down the number of your personnel commensurate with, or maybe not commensurate with those reductions, but could you not cut down the number of your personnel somewhat on account of those reductions in your estimates?

Mr. MACK. Our present rate of purchasing is about \$90,000,000 a month, and the indicated rate of purchasing as based on the estimates submitted to F. E. A. by the foreign missions will run \$130,000,000 a month for this next fiscal year.

Mr. LUDLOW. But that was before you announced these cuts, was it not?

Mr. MACK. No; I am speaking now of the \$1,562,000,000, which is the reduced figure; the rate of purchasing will be \$130,000,000 a month.

Mr. LUDLOW. That is, taking into consideration these reduced figures?

Mr. MACK. Yes, sir.

Mr. LUDLOW. But those figures have been reduced since you presented your estimates on these green sheets, and they show the number of personnel based on the original estimates; is not that so? Then, why should there not be a reduction below the man-years, which amounts to 2,080 man-years; why should not the number of man-years run less than 2,080, as stated here?

Mr. DOYLE. That was the figure on which these estimates were based, Mr. Ludlow.

Mr. Cox. Yes, the reductions were made before the green sheets were prepared.

Mr. LUDLOW. The reductions that have been announced today were taken into consideration in making up the personnel estimate for 1945?

Mr. DOYLE. Yes.

PROGRAM OF PROCUREMENT IN FISCAL YEAR 1945

The CHAIRMAN. Will your program of procurement for the fiscal year 1945, on the basis of the estimates presented here, continue on about the same basis in dollar volume the coming year as for the present fiscal year?

Mr. MACK. It will run heavier in dollar volume. We are buying now at the rate of about \$90,000,000 a month, and the indicated figure is \$130,000,000 a month.

The CHAIRMAN. What about commodities?

Mr. MACK. Commodities will run about the same type, except that we are getting now a new commodity that we have not bought before, except in limited quantities; that is, machine tools.

The CHAIRMAN. What percentage of your total procurement in dollars does this \$6,600,000 of administrative and procurement expenses represent?

Mr. MACK. As against \$1,500,000,000, \$6,600,000 would be less than one-half of 1 percent.

The CHAIRMAN. That is getting it down rather small.

I notice that you have few employees in the higher grades, most of them seem to be clerical employees, both in the field and in the department. Your average salary is around \$2,500?

Mr. DOYLE. I doubt if it is that high. I think it would be about \$2,200.

Mr. MACK. We have a number of inspectors and expeditors that are in the field service.

FIELD PROCUREMENT OFFICES

The CHAIRMAN. How many procurement offices are maintained in the field?

Mr. MACK. We have 11 regional offices, and then we have inspectors stationed in cities where there is a concentration of manufacturing, or sometimes right at mills where there is constant production against lend-lease orders placed by us.

The CHAIRMAN. Your inspectors are stationed there, but there is no office there?

Mr. MACK. In such a case it would be just an inspector or 2 or 3, or whatever the volume of work calls for. The officers would be at the 11 regional offices throughout the country, and then there are certain suboffices where there are concentrations of manufacturing.

TYPE OF CONTRACTS

The CHAIRMAN. Your contracts are all on a lump-sum basis of competitive bidding?

Mr. MACK. No, most of them are made through negotiation.

The CHAIRMAN. What other forms of contracts do you have?

Mr. MACK. I think today, and for some time past, our lend-lease buying has been almost exclusively by negotiation.

The CHAIRMAN. And all of your contracts are subject to the renegotiation law wherever they come within the limits fixed by the law?

Mr. MACK. Yes, sir.

The CHAIRMAN. Have any been renegotiated?

Mr. MACK. Yes, sir; we have had thus far renegotiated 99 cases, and the recoveries are \$9,574,000. There is much to be done yet.

That, perhaps, is not a fair picture, because we get only those cases for renegotiation where we have predominant dollar interest in them. Most of the cases, of course, are going to the War Department because they do a greater dollar volume, and they accordingly get the ease for renegotiation. The same applies to the Navy, and the Maritime Commission. The ease would come to us for renegotiation only where we have a preponderant dollar volume, and, consequently, a lot of these cases that are being renegotiated go to the Army, the Navy, the Maritime Commission, or the R. F. C., which will include business done by us with the concern whose contract is subject to renegotiation.

OTHER OBLIGATIONS

Mr. LUDLOW. Some of your other obligations run up into pretty high figures. I see you have \$395,000 set up for communications service. What is the explanation of that; how has that been running?

Mr. MACK. The average monthly obligations for communication services in 1944, based on 8 months, will be about \$33,600 a month.

Mr. LUDLOW. Is that telephone?

Mr. MACK. Telephone installations, local and long-distance calls, telegraph and teletype, air postage, and so forth. Quite a lot of that is teletype. We have to keep in pretty close touch with the field offices on transportation.

REGULATIONS OF TELEPHONE SERVICE

Mr. LUDLOW. What regulations have you set up governing the use of long-distance telephone?

Mr. MACK. We have issued instructions to the field offices instructing them to be careful in supervising the use of long-distance telephones. Likewise in our own office here we prepare charts naming the people that use the telephone more than others, and call to their attention the fact that they are spending a lot of money on calls, and how much their average time is on the telephone.

Mr. LUDLOW. You try to hold that down?

Mr. MACK. Yes, sir.

TRAVEL

Mr. LUDLOW. You have \$390,000 set up for travel. How many persons are on travel status?

Mr. MACK. That is based on the 8 months for this current fiscal year, and the average runs about \$33,000 a month.

Mr. LUDLOW. How many persons are traveling, and who are they?

Mr. MACK. They would be regional officials, inspectors, regional expeditors, purchasing officers, or supervisory personnel, and likewise people who check warehouses to determine the condition of stocks.

Mr. LUDLOW. Do you know about how many people are in travel status, approximately?

Mr. MACK. Well, our total personnel in lend-lease is something less than 2,100. The nature of our work, I think, would call for a pretty high proportion being on travel status. Probably 25 percent of them would travel to some extent, or to a fair extent. That is just an estimate, but I think we have a fairly high rate, because we have so many inspectors and expeditors on constant travel.

Mr. LUDLOW. That is all I have, Mr. Chairman.

NUMBER OF EMPLOYEES ON ROLLS AT PRESENT TIME

Mr. TABER. How much help do you have right now?

Mr. MACK. Today we have 2,037 people on the rolls, or had as of the end of March.

Mr. TABER. How have your purchases run during the year? You said they were running about \$90,000,000 last month?

Mr. MACK. They ran \$112,000,000 in March.

Mr. TABER. What did they run before that?

Mr. MACK. Well, they fluctuate. The average has been about \$90,000,000, or better than \$800,000,000 for the first 9 months.

Mr. TABER. \$800,000,000 for the first 9 months?

Mr. MACK. \$806,000,000; yes, sir. They run in this fashion by months. In March they amounted to \$112,000,000; in February, \$71,000,000; in January \$135,000,000; in December, \$66,000,000. There are very wide fluctuations.

Mr. TABER. By purchases, do you mean deliveries of goods to you, or do you mean obligations?

Mr. MACK. Commitments, the placing of orders.

Mr. TABER. Obligations?

Mr. MACK. Yes, sir.

The CHAIRMAN. Thank you, Mr. Mack.

WEDNESDAY, MAY 9, 1944.

PETROLEUM

STATEMENTS OF GEN. WALTER E. PYRON, DIRECTOR OF THE PLANNING DIVISION, ARMY-NAVY PETROLEUM BOARD; CAPT. H. M. SHAFFER, UNITED STATES NAVY, BUREAU OF SUPPLIES AND ACCOUNTS; LT. N. C. KEITH, UNITED STATES NAVY, BUREAU OF SUPPLIES AND ACCOUNTS; J. HOWARD MARSHALL, GENERAL COUNSEL, PETROLEUM ADMINISTRATION FOR WAR; AND OSCAR S. COX, GENERAL COUNSEL, FOREIGN ECONOMIC ADMINISTRATION

The CHAIRMAN. We resume consideration of the estimate for lend-lease for 1945. We have before us the representatives of the Navy Department and the War Department.

We take up the item on page 44, for petroleum, \$1,121,881,480. This is the largest single lend-lease commodity item and includes every category of petroleum products which we all realize as one of the most important munitions of war. Whenever any nation begins to run short of petroleum its war effort is on the decline immediately.

The estimates before us include, in the order of amounts requested aviation gasoline, motor gasoline, Diesel oil, fuel oil, crude oil, lubricating oils, kerosene, and grease.

It will be noted on page 45 that the impact on the national supply for 1944 amounts to nearly 12 percent—specifically 11.7 percent, but inasmuch as about half of this is used for our own armed forces the impact amounts to approximately 6 percent.

In view of the importance and size of the item we should have a pretty full and clear statement on it for the record, and we would like to have a complete and detailed statement on the subject.

General PYRON, we will be glad to hear from you and incidentally will you tell us how this matter is handled after it reaches the other countries?

General PYRON. First, as a matter of record, I would like to file a little statement in the record which is required of all Army officers who testify.

The CHAIRMAN. The statement may be included in the record.
(The statement is as follows:)

Time has not permitted ascertainment of the views of the Bureau of the Budget concerning the matters which I have discussed (or shall discuss), for which reason nothing I have said (or shall say) is to be construed as indicating any commitment concerning the relation of any contemplated legislation to the program of the President.

SCREENING METHODS FOR PETROLEUM REQUIREMENTS

General PYRON. I am here representing the Army and Navy Petroleum Board. I am Chairman of the Executive Committee of that Board and Director of the Planning Division, and as Director of the Planning Division we are charged with the duty, among other thing, of screening all requirements for petroleum products of the Allied Nations, including lend-lease.

That Board is also responsible for the shipping of bulk petroleum products to the other allied countries. In this capacity—screening requirements—we screen requirements and combine the requirements of our own Army and Navy and other military forces and lend-lease, and furnish the figures, the combined figures, to the Petroleum Administrator for War, on that part of it that must come from continental United States or American controlled sources and that is done very carefully, screened carefully, first by receiving information from the theater of operations—first screened by the military forces—and again checked in Washington as far as it is humanly possible to check, in the light of projected military operations and in the light of all uses, in fact, every medium we know of screening, to determine whether or not the amounts are appropriate and properly applied before the figures are assembled, and given to the Petroleum Administration for War.

In the case of this program, lend-lease, which you have before you, that was screened in that manner very carefully with the British, with the military forces, and we approved that as necessary to military operations and essential civilian requirements in the countries affected.

I might add further that we cooperate very closely and maintain constant coordination with lend-lease on petroleum matters as the requirements are submitted; then when requisitions are submitted they are also checked and if there is anything that appears out of line

or if the Navy procurement agency, who is authorized to make all lend-lease of petroleum purchases, if they question any amount that again is checked and the lend-lease people also check with us continuously on questions of amount.

For example, if we get a requisition for petroleum from the Army or the Navy, covering a large amount of lubricating oil, more than would be necessary for that particular spot, they check with us; that is checked by the Navy, the Petroleum Administrator, the Lend-Lease, and the Board. So we watch all those matters very carefully.

The CHAIRMAN. All of this material then is pooled on the other side and is drawn from the pool as the necessity requires, and thereby avoid the necessity for operating warehouses and separate warehousing accounts.

General PYRON. That is correct; in the United Kingdom it is controlled under one pool and distributed, and if we were to undertake to handle the American part of it separately it would be—well, almost an impossibility. We do not have the storage to segregate it and we do not have the pipe lines and distribution facilities to segregate it.

The CHAIRMAN. Out of this \$1,121,881,480, which is in this estimate for lend-lease, approximately 50 percent of it is not lend-lease, but it goes for our own forces. In other words, there in excess of half billion dollars of this estimate, while it is in lend-lease, is really for our own forces?

General PYRON. I cannot give the exact figures because I do not have them before me, but it varies with the countries.

(Off the record discussion.)

POOLING ARRANGEMENTS FOR OIL SUPPLIES

The CHAIRMAN. Approximately how much, General Pyron, would you say of this amount of petroleum products to be handled with this amount of money is for our own forces?

General PYRON. It is approximately 50 percent. I would have to check to give you the definite figures.

Mr. Cox. Mr. Chairman, on the point which Mr. Taber made in the off the record discussion, regarding the appropriation of lend-lease funds for petroleum products which are turned over to our armed forces in lend-lease countries, I think that ought to be pretty well covered. In the first place this has been the practice in the past; secondly, the American public and the Congress get a clear-cut picture of what is being done. This petroleum all moves to the United Kingdom for example, and is assembled and charged to them on the books as a mechanical procedure, and subsequently about half of it is turned over to our armed forces for use in the United Kingdom theater. This is the most efficient way to handle the oil supply in these offensive bases.

As far as the legal authority is concerned there is double authority, under the Lend-Lease Act and under the appropriation acts. One, of course, is the authority to make available what is not going to be turned back as reverse lend-lease; and secondly the language in the appropriation act, which I think was suggested by Mr. Taber, provides that any supplies procured by Lend-Lease, if not used by foreign governments, can be supplied to the War Department, the Navy Department or other United States departments or agencies.

Mr. LUDLOW. Could not this pooling arrangement be carried on just the same if the appropriations were made for petroleum products for our own Army instead of making it through lend-lease?

Mr. COX. I would doubt it, as a practical matter, because of the way it is used; the forces in charge of the military situation—nor anybody else I believe—can say with precision just what part will be used by us and what part by the British, for example.

Mr. LUDLOW. I can see the chairman's point, and it obviously would make the record clearer if that could be done.

Mr. COX. Yes.

Mr. LUDLOW. What is the character of the pooling arrangement?

Mr. COX. The operating account and the control would be difficult under a system of separate supplies because of the fact that the British, for example, also have oil supplies coming from other sources, and again we do not know in advance, with precision, how much oil the R. A. F. is going to use or how much oil the U. S. A. A. F. is going to use. Consequently we could not know how much to appropriate exactly for that purpose were you to undertake to keep the supplies separate. Whereas under the pooling arrangement of the oil supplies, you simply have to account for the amount we contribute and draw from the pool.

This, to my mind, is the much easier practice, and the more practical way as our experience has shown.

Mr. LUDLOW. But it just is a little bit disturbing; it is not a very clear way to legislate, is it?

Mr. COX. I agree with you that it is not the perfect way of legislating, but we are faced here with a very practical problem and our past experience has indicated that this is the most reasonable procedure.

Mr. LUDLOW. This pooling arrangement applies almost exclusively to the United Kingdom?

Mr. COX. Yes; and other parts of the British Empire.

Mr. LUDLOW. It does not apply so far as the Soviet Union is concerned; they are on a straight lend-lease basis.

Mr. COX. Yes; that is right.

Mr. O'NEAL. What you do is to provide the full amount of oil and charge back the amount that is drawn on for our own forces as a credit against lend-lease.

Mr. COX. Yes.

Mr. O'NEAL. And they take care of the handling charges?

The CHAIRMAN. They also supply the expenses for handling all of it, do they not? All of the expenses of handling on the other side is paid for by the cooperating nations?

General PYRON. I do not know about that.

Mr. COX. That is right; the storage and handling charges and the moving charges are made without payment by us and some of those are charged to us as reverse lend-lease credits on the books.

Mr. O'NEAL. I understood you to say in the off record discussion a moment ago that it was simply turned back to us as reverse lend-lease.

Mr. COX. Perhaps I misunderstood your question.

Mr. O'NEAL. How much handling charge is put on by them as a charge to us?

Mr. COX. Whatever their expenditures are, whatever expenditures are made by the British Government in handling, their out-of-pocket expenditures.

Mr. O'NEAL. You do not know how that runs or anything about the unit charge?

Mr. Cox. No. Of course, even if the Army had the appropriation it would have the same problem involved as to handling charges.

Mr. O'NEAL. But you do not have any idea about what part the handling charges would represent?

Mr. Cox. We can get that for you.

Mr. O'NEAL. No; that is not necessary.

The CHAIRMAN. They charge us no unit price?

Mr. Cox. No; the handling charges are simply their actual out-of-pocket expenditures.

Mr. TABER. General Pyron, you have this pooling of gasoline and other petroleum products, all of which are dumped into one pool. By whom are they dumped into it?

General PYRON. They are shipped——

Mr. TABER (continuing). What are the contributing elements to the pool?

General PYRON. The Lend-Lease places its requisitions through the Navy Department under the procurement agents, and that is shipped over there and delivered to the British people.

Mr. TABER. That is delivered to the British Government and the British Government does, or Lend-Lease does, or somebody puts it into these tanks. Does anything else go into these tanks?

Mr. Cox. Yes.

Mr. TABER. What?

Mr. Cox. Petroleum products that are produced in the Western Hemisphere by British-controlled refineries; these products are moved into the pool.

Mr. TABER. Is there any other contribution to the pool?

Mr. Cox. I think the indigenous products in the U. K.——

Mr. TABER. What about this Mediterranean pool; does it make any contribution to that?

Mr. Cox. Because of the shortage of shipping not very much is coming to the U. K. from the Middle East.

Mr. TABER. It might come to other places where you might be operating a pool, such as French North Africa.

Mr. Cox. What happens there is that it goes to the Army pool.

Mr. TABER. It goes into the Army pool there?

Mr. Cox. Yes.

Mr. TABER. Does either the Army or the Navy make a contribution to these pools?

Mr. Cox. I understand not in the case of the United Kingdom, but the general knows more about that than I do. I gather you mean out of direct appropriations.

Mr. TABER. I mean just that.

General PYRON. The north African pool; the Army makes direct shipment to the pool, and it is an Army-controlled pool; it is quite a different thing to the U. K.

Mr. TABER. Does the Army make contributions to the pool in Britain?

Mr. Cox. No.

General PYRON. No.

Mr. TABER. Does the Navy?

Captain SHAFFER. No.

Mr. TABER. Do both the Army and the Navy use the pool?

General PYRON. Yes.

Mr. TABER. They do?

General PYRON. The Army and the Navy and the Air Forces.

Mr. TABER. It is used indiscriminately by both our forces and the British?

General PYRON. Yes.

Mr. TABER. I do not suppose any attempt is made to keep track of what is used by our forces and the British?

General PYRON. Oh, yes.

Mr. TABER. There is?

General PYRON. Very accurate records are kept.

Mr. TABER. Of what ships or airplanes use, or what an airplane uses?

General PYRON. I do not know about that.

Mr. TABER. On each plane, what any national uses for that plane?

General PYRON. We'll probably not down to one plane, but they know exactly the gallons and the barrels of the different products that are sent for the use of any specific force, whether it be the air force, the ground force, or the Navy force.

Mr. TABER. I think that is all I have, Mr. Chairman.

The CHAIRMAN. I take it for granted that gasoline is supplied to American fields, and in the case of a field which is occupied or used by American planes they know the capacity of the tanks and keep check on that and not on the plane in estimating the amount of consumption in that one field.

General PYRON. They know and keep a record of the exact amount that is delivered to each field; and I cannot speak for the air force; I do not know whether they keep a record of the individual planes or not.

The CHAIRMAN. But the amount that is delivered to the American fields to be consumed by the American forces.

General PYRON. Yes.

Mr. LUDLOW. Petroleum products are absolutely essential to the winning of the war. Do you feel that our forces are being supplied adequate petroleum products at the present time, that is, our forces abroad?

General PYRON. Yes; there is an adequate amount; the only question at the moment is that of transportation, and that, of course, is a matter that is being handled.

Mr. LUDLOW. Is it being overcome?

General PYRON. Gradually. It is a difficult problem but it is gradually being overcome.

METHOD OF ACCOUNTING FOR PETROLEUM PRODUCTS UNDER LEND-LEASE AND REVERSE LEND-LEASE

Mr. O'NEAL. Mr. Chairman, I think we ought to have in the record just a little statement about the type of auditing being used with reference to Army, Lend-Lease, and the Navy. We should have some statement in the record to show what is being done to protect American interests and to see that our interests are protected all along the line; just what sort of record is kept, and what check is made.

Mr. Cox. I think we can give you something on that for the record now and probably supplement it by an additional statement.

Mr. O'NEAL. I think we ought to have a statement in the record showing what is done in the way of auditing, the size of the audit force, or something of that kind.

Mr. Cox. It is not only checked, but is double-checked.

The British Government furnishes to us a list of the detailed expenditures which are made for reverse lend-lease items. In addition to that, as you know, each of the armed forces keeps its own detailed records of what it receives—I do not mean for each plane, but the material that is moved for distribution to the American airfields. The armed forces would know what the gross amount is. They may have some tabular system for determining what goes to each plane, but, at any rate, we can get up something for you.

Mr. O'NEAL. Do you have inspectors that go into all of this?

Mr. Cox. Yes; the armed forces have and our F. E. A. foreign missions assist them.

Mr. O'NEAL. I think we should have a complete statement for the record.

Mr. Cox. And in the main it goes all the way from cabbage to petroleum. The receipts are signed and checked as to quantity concerning all the lend-lease materials that are moved, and there is a check on any material that is turned over to us as reverse lend-lease; there is a very detailed and complete record kept.

Mr. O'NEAL. Do you have an auditing or accounting department?

Mr. Cox. We have a specific section on reverse lend-lease.

Mr. O'NEAL. Can you give us an idea how many you have in that unit?

Mr. Cox. There are about a half dozen people whose primary business is to work on this, but they use the operating staff and the finance division in the central unit to check with them. In addition, there is a Reciprocal Aid Section in the Bureau of Supplies which handles the import of raw materials under reverse lend-lease. The work of this section is growing and the present staff, also about half a dozen, will probably have to be doubled.

Mr. O'NEAL. Mr. Chairman, I think it well to have a complete statement in the record covering this entire auditing and accounting procedure.

(The statement requested is as follows:)

LEND-LEASE AND REVERSE LEND-LEASE ACCOUNTING PROCEDURE FOR PETROLEUM PRODUCTS

Petroleum products for lend-lease countries are procured by the Foreign Economic Administration through the Navy Department. The Navy Department keeps detailed records of all lend-lease petroleum transactions and has inspectors at the points of delivery who verify the quantities and types of petroleum products turned over and obtain receipts from the recipient governments for these petroleum products. Lend-lease petroleum products are generally delivered to the foreign governments at shipside at the port of lifting.

The Navy Department furnishes the Foreign Economic Administration with complete accounts for the deliveries of lend-lease petroleum products. On the basis of these accounts, the Foreign Economic Administration records lend-lease charges to the recipient governments for all deliveries of petroleum products. This record is kept for each country both by quantity and by dollar value. The charge to the recipient governments includes not only the cost of the petroleum products f. o. b. refinery, but also the transportation, storage, and other handling

charges incurred by the Navy Department and met out of the lend-lease appropriation for petroleum products.

The lend-lease petroleum products shipped to the United Kingdom, for example, are deposited by the British in a petroleum pool, which also includes products from British sources in the Western Hemisphere and a small amount from British local production. This petroleum pool is maintained by the British Government, which bears the storage, transportation, and other handling costs. The United States Army, the United States Army Air Forces, and, to a limited extent, the United States Navy draw petroleum products from the pool, as do the British armed forces.

For each delivery of petroleum products to United States armed forces from the petroleum pool in the United Kingdom a receipt is issued by a United States officer to the representative of the foreign government making the delivery. Copies of the receipts are retained in the files of the United States armed forces involved. Foreign Economic Administration representatives in the United Kingdom check this basic record and copies of the records are forwarded from time to time to Washington, a copy going to the Foreign Economic Administration. It is the function of the Foreign Economic Administration to act as coordinator for reverse lend-lease, particularly in matters of policy and of operations concerning more than one Government department or concerning nonmilitary departments of the Government, and to make reverse lend-lease arrangements of an operational nature with foreign governments.

Records of reverse lend-lease aid furnished to the Foreign Economic Administration by other Government departments and by foreign governments are reviewed and assembled for the purpose of reporting to Congress on over-all reverse lend-lease. Although these records are, of course, incomplete, it is our belief that the basic records in the field are kept as accurately as war conditions and the shortage of manpower in the areas concerned permit.

Mr. LAMBERTSON. I was wondering while the gentleman from Kentucky was asking these questions, General, just why it is necessary to keep all of these records and check them. It seems to me you are going to waste a lot of manpower and a lot of man-hours while you are doing it. What is the significance of it? We do not expect to get a dollar back under lend-lease or reverse lend-lease. We are not expecting any of this to come back, and just what is the purpose of it?

The CHAIRMAN. I think there will be a general demand on the part of everyone to know what the facts are.

Mr. COX. We in Lend-Lease, or rather in the F. E. A., feel that one of our duties to the country is to keep accurate and detailed records, as much as it is humanly possible to do so, of what is going out and what is coming in, because to my mind it is very clear that the American people and the American Congress ought to know just as truly and accurately as possible what was being done both ways.

I do not think anyone can tell at this time what will develop in the future, but in any event I think the public ought to have the accurate facts before them and whatever they want to do or whatever the Congress or the public desires to do 6 months or 2 years from now, at least we ought to have a record giving them complete facts.

Mr. LAMBERTSON. It seems to me that we would be demanding more information than we are getting on casualties even in our armed forces now. We are hearing things now that we have never heard of before. The public does not know anything about some of the things that are happening in the way of casualties, and it seems to me this would result in a more complete accounting of the amount of gasoline even than we get with respect to casualties.

Mr. COX. I do not know about casualties; that is not in our province, but we have always felt very strongly that we ought to keep as accurate record as possible so the public and the Congress can know

what is going on, and if the public or anybody wants to do anything about it in the future, at least the information ought to be available.

AVAILABLE SUPPLIES OF PETROLEUM PRODUCTS

The CHAIRMAN. I would like to ask you, Mr. Marshall, if you think these various categories can be met as you have them listed here.

Mr. MARSHALL. Mr. Chairman, the sum total of lend-lease requirements have been included in the world-wide petroleum program for the period in question. Thus far we have been able to supply all that lend-lease requires and our forecast is that we shall be able to continue to do so. Mr. Davies has pointed out that of course we cannot guarantee transportation or that every individual ship will go through, but within general limits we believe we shall be able to supply the stated requirements.

As a matter of fact, at the present time we are giving to lend-lease and the military absolute preference on all of their supplies and our forecast is that we can continue to do so as long as the military needs require it.

Mr. LUDLOW. What will be the general effect of this enormous program on the civilian requirements?

Mr. MARSHALL. Under our present forecast we do not look for any substantial increase in the severity of civilian rationing. Of course, there are some areas perhaps where we will run into tight spots occasionally, as you gentlemen know, but we have been able to get them solved and in general we expect to be able to go along about in the same way.

The CHAIRMAN. How does this compare with the figures for this year?

Mr. MARSHALL. This is considerably more. Last year, I understand from our people, we supplied less than half of this amount.

The CHAIRMAN. How does it compare with 1945 figures; that is, 1944 with 1945?

Mr. MARSHALL. From 95,000,000 barrels last year up to a forecast of 192,000,000.

The CHAIRMAN. That is required by stepping up the tempo within the war zone?

Mr. MARSHALL. Yes; I assume so. Of course the Petroleum Administration for War does not pass, in any sense, upon the use to which this will be put; that is entirely the function of the military and the lend-lease authorities.

Mr. LUDLOW. This represents an enormous increase and to keep up the civilian requirements means you will have to increase production. Are you presently able to get increased production?

Mr. MARSHALL. We are stepping it up slightly, not very much, and we are importing from South America as we are able to do so, and thus increasing our crude-oil supply.

COST OF PETROLEUM PRODUCTS

Mr. O'NEAL. I would like to ask something about how you arrive at the unit costs, and whether they are above last year. Have any circumstances arisen or do you anticipate that the unit costs will be greater or less than they were? Just having these total figures makes

it rather difficult to reduce them to unit costs. I was wondering if you could give us a statement for the record concerning the prices.

Captain SHAFFER. For the commodities purchased, the cost to Government will remain about the same.

Mr. O'NEAL. About the same costs that you had last year?

Mr. SHAFFER. Yes.

Mr. O'NEAL. You are figuring for 1945 the same costs you had last year?

Captain SHAFFER. We expect to be able to buy these commodities at about the same rate.

Mr. O'NEAL. Have not these big plants been in production long enough now and have had enough experience to enable you to negotiate with them for a possible reduction?

Captain SHAFFER. That is handled through another division of the Government.

Mr. MARSHALL. With respect to ordinary petroleum products and Navy fuel oil there is not much change. As you will note there is no substantial change in the price. With respect to 100 octane gasoline as we run along, the average unit cost of 100 octane of the original specification in the regular way is declining and that is due to two things, increased capacity and improvement in methods of production, and many of our contracts for 100-octane gasoline, with the new plants, provide for a decline in price, on a sliding scale.

Mr. O'NEAL. In aviation gasoline to U. S. S. R. and the United Kingdom, that runs to about \$411,000,000, half of the amount that is being produced within this country, and I was wondering if you figured this on the basis of what you had to pay last year.

Mr. MARSHALL. I do not know how Lend-Lease has computed it. The unit cost for gasoline of the same quality and produced by the new plants is declining somewhat, but the total volume is going up enormously.

Mr. O'NEAL. But it is figured, for the volume, on the unit price of 1944. If the cost of high octane gasoline is constantly going down, I think it would be reassuring to the public if we could just even indicate that it is not costing us quite so much per unit; and possibly reduce the amount for which you are asking due to that fact.

Mr. Cox. I think you are right, Mr. O'Neal. But as I understand it, the aviation-gasoline cost shown in the Budget takes into account not only the actual cost of aviation gasoline of the same specifications as last year, but also the prospective cost of getting the quantity and quality of gasoline needed during the coming year.

Mr. O'NEAL. You took into consideration all the other charges that went with it last year, too.

Mr. Cox. That is right.

Mr. O'NEAL. Your statement here is that you are basing your figures in this case upon costs for 1944, and Mr. Marshall says that the cost of high octane gasoline will be less per unit.

Mr. Cox. It is based on the reduced cost per unit of gasoline of the same quality, but takes into account also, as I understand it, the conditions of production and transportation of an increased volume, some of which is gasoline of an improved quality.

Mr. O'NEAL. On the volume that you have, you are basing it on the unit cost for 1944, while Mr. Marshall says that that unit cost probably will be less.

MR. MARSHALL. I would assume, as Captain Shaffer was saying, that the cost figures were secured from the Defense Supplies Corporation, which is buying all of the 100 octane gasoline production of the country. I do not know, Captain, but I imagine that they forecast it on the basis of their prospective unit cost. They have all of the contracts and they are buying all of the gasoline.

MR. O'NEAL. That is good imagination, but the testimony is otherwise.

MR. MARSHALL. I do not know.

MR. O'NEAL. That is all I care to ask at this time, Mr. Chairman.

THE CHAIRMAN. I wish at this point in the record you would elaborate your remarks by inserting a statement which would clear this matter up.

(Statement off the record.)

MR. O'NEAL. If you can submit a statement for the record explaining this matter, that will be satisfactory to me.

MR. CHAIRMAN. Your remarks will be submitted to you for revision and at that time you may elaborate your remarks by inserting a statement that will explain this whole matter.

MR. MARSHALL. Very well.

CAPTAIN SHAFFER. We can supply a complete statement of the situation.

(At this point is inserted the statement of Mr. Marshall here referred to and also a statement of the Navy Department here referred to:)

NAVY DEPARTMENT,
BUREAU OF SUPPLIES AND ACCOUNTS,
Washington 25, D. C.

The Bureau of Supplies and Accounts, Navy Department, submits the following statement with respect to the estimated cost shown in the Lend-Lease appropriation for the fiscal year beginning July 1, 1944, for high-octane aviation gasoline. The contents of the statement were presented informally to the Petroleum Administration for War for comment upon any references in the statement to matters under the cognizance of that agency. No objections were noted by that agency or changes requested.

STATEMENT

In developing figures for the fifth lend-lease appropriation, the cost at shipside of grade 130 aviation gasoline was estimated by the Bureau of Supplies and Accounts at \$7.70 per barrel of 42 gallons. Before reviewing the factors upon which this estimate was made, it is important to consider briefly the broad picture of aviation gasoline procurement.

Grade 130 is strictly a munition of war used only by the military. If not the most important, it is one of the most vitally needed weapons of modern warfare. From the beginning of the war to the present time, United States production has not equaled requirements. This fact has compelled the utilization of every known means of producing the maximum quantity possible with all available facilities. It has resulted in many operations which are costly and which would not be profitable in commercial peacetime practice but which are essential to the prosecution of the war.

To coordinate the program, contracts were made with all refiners for the purchase of their entire production by the Government through the Defense Supplies Corporation. These contracts were made at so-called base prices for finished product at refinery and vary as between the several oil companies by reason of differences in operating methods, geographical locations, crude-oil sources, and other factors. At the same time, the War and Navy Departments agreed to reimburse refiners for excess costs incurred at the request of or with the approval of Petroleum Administration for War in its efforts to obtain maximum production and utilization of product. All of the gasoline purchased by the Government is then sold to the military through Defense Supplies Corporation at one price applicable anywhere in the United States. This sale price is fixed

for each quarter by Petroleum Administration for War and is predicated upon the base prices paid the various refiners by Defense Supplies Corporation plus the excess costs previously incurred and approved, together with Defense Supplies Corporation out-of-pocket administrative expense not in excess of one two-hundredths cent per gallon. Theoretically, the receipts of Defense Supplies Corporation from sales to Army and Navy should equal disbursements to the oil companies for product at base prices and for excess costs and disbursements to itself for administration.

Obviously, no one can definitely forecast future prices for aviation gasoline with any greater degree of accuracy than one can foretell actual consumption, military requirements or improvements in the type of fuel or methods of production. Accordingly, in establishing \$7.70 per barrel for the fiscal year 1945, the Bureau took into consideration (1) actual experience during the fiscal year 1944, (2) actual costs today and (3) factors existing today which so far as can be seen will continue throughout the coming fiscal year.

For the year beginning July 1, 1943, the quarterly prices of grade 130 aviation gasoline for sales to the military for their use and for foreign governments under Lend-Lease were respectively 14.5, 15.25, 15, and 16 cents per gallon, or \$6.09, \$6.405, \$6.30, and \$6.72 per barrel. From July 1, 1943, through May 9, 1944, actual liftings amounted to 26,107,949 barrels at a cost of \$166,036,776 or at a weighted average price per barrel of \$6.40. Scheduled liftings for the remainder of the present fiscal year will increase this average to \$6.42 per barrel or 15.3 cents per gallon.

This average of \$6.42 per barrel, however, represents the cost at the producing refinery. To this must be added costs of transportation, storage, handling, and, in some instances, filling into containers. Refineries are well scattered over the country and even in those cases where plants are located at seaboard, tanker availability, turn-around time, and convoy movements do not always permit direct liftings. Based on the current price of \$6.72 per barrel, plus estimated transportation and other costs, the average cost at shipside is expected to be \$7.70 per barrel during the fiscal year 1945.

The trend of the sale price to the military has been definitely upward, increasing in less than 12 months from 14.5 to 16 cents per gallon. A large portion of this increase has been due to approved excess costs incurred in the constant endeavor to increase production. Upon the basis of excess-cost claims now under consideration by Petroleum Administration for War, the Bureau of Supplies and Accounts has been advised informally that the Defense Supplies Corporation sale price for the quarter beginning July 1, 1944, will not be less than 16 cents per gallon.

Before a lower sale price to the military can be realized, the refiners' so-called base prices to Defense Supplies Corporation, or the amount of claims for excess costs, or both, must be reduced. It may well be that extended refinery operating experience and added production will result in slightly lower base prices for finished product at given refineries. On the other hand, increased production from facilities actually operating today tends to increase excess costs, particularly for the transportation of components, the development of more effective but more costly components and the squeezing of 1 more gallon from available material.

When production equals or exceeds requirements, a marked decrease may be expected in the excess costs included as a part of the sale price to the military because then and only then can the costly and unprofitable operations now in effect be eliminated. As previously mentioned, production today does not meet requirements. Anticipated increases in consumption may widen the present spread between production and requirements and delay the time when production and requirements are equalized.

Thus far, this discussion has been limited to grade 130. It is known that there is in production a more powerful fuel which exceeds grade 130 in performance results. While operating experience and the cost of producing this super fuel is extremely limited, it is known that the process involves the elimination of large quantities of the least expensive elements now used in refining grade 130, an increase in the quantities of the more expensive components, and the rearrangement of other existing refinery operations. The best available estimates indicate that the refinery cost of this new fuel will range from 6 to 10 cents per gallon more than grade 130. Upon the basis of the current Defense Supplies Corporation price, this will mean a per gallon cost at refinery ranging from 22 to 26 cents. To the extent that production of this new fuel is developed and increased, the cost for combatant aviation gasoline will likewise increase.

With the probability that the price of grade 130 will follow a line during the next fiscal year closely approximating the 16 cents per gallon level and with a reasonable expectation that there will be an increasing use of the newer and higher priced fuel, this Bureau firmly believes that the average shipside cost of aviation gasoline, grade 130 or better, will not be less than \$7.70 per barrel during the period in question.

PRICES ON 100 OCTANE GASOLINE AS FURNISHED BY THE PETROLEUM ADMINISTRATION FOR WAR

So-called 100-octane gasoline was first developed and produced in laboratories in the early 1930's and sold at prices which precluded its use other than for experimentation. From these early laboratory developments, commercial plants were built and the product was produced in small quantities and sold at very high prices, inasmuch as practically no market existed for the product and equipment and operating costs were extremely high in relation to the quantity produced. During this period, the petroleum materials used were byproducts of ordinary refinery operations, being available in fairly large quantities in comparison to the demand for this purpose, and the petroleum materials cost therefore, was a minor one.

During the middle thirties, additional installations were made and 100-octane aviation gasoline was sold at prices around 35 cents per gallon at the refineries, but as demand for the product increased and the process improved, the price was gradually reduced. During the latter thirties, a new process of alkylation was introduced, and, being more efficient than the previous polymerization and hydrogenation processes, further reductions in prices were possible; and by the outbreak of the war the f. o. b. refinery price on large sales, such as to the Army and Navy, had dropped to approximately 15.50 cents per gallon.

The only posted price for 100-octane aviation gasoline that has been located is that of the Standard Oil Co. of Ohio for the years 1940, 1941, and 1942, as reported by the Oil Price Handbook. The price quoted was 24.5 cents per gallon for Esso ethyl 100 octane, which is stated to be the Ohio State-wide consumers' tank wagon price. If it is assumed, for comparative purposes, that the same differential for freight and tank wagon deliveries applies to the 100-octane price as to that of regular motor gasoline, the netback at the refinery would be approximately 19.75 cents per gallon.

At this point it should be made clear that the term "100 octane aviation gasoline" does not refer to a specific grade of aviation fuel, but is a generic term applied to any fuel which is equal or superior to pure iso-octane. Prior to the outbreak of the present hostilities, a grade of aviation fuel had been furnished as 100-octane aviation gasoline, which met certain limited specifications and used three cubic centimeters of tetraethyl lead to meet the lean mixture 100-octane rating.

In order to expand production, one of the first changes made in the specifications was to permit the use of four cubic centimeters of tetraethyl lead per gallon, resulting in the use of a slightly lower quality of components, which was followed very shortly by the addition of a rich mixture specification, which again increased the cost of manufacture. Since that time, there have been a number of changes in specifications, which have tended to improve the quality of the fuel so that the present grade 130 is far superior to the grade furnished immediately prior to the war.

With the outbreak of war in Europe in the fall of 1939, the demand for 100-octane aviation gasoline for export rose sharply and was given a tremendous impetus in 1940 and 1941 by reason of the need of our own Government for this type of engine fuel. At this time it first became necessary to install equipment, the primary purpose of which was to produce materials from which 100-octane aviation gasoline is made, inasmuch as the expanded requirements were too great to be satisfied by the supplies of these materials available as byproducts in the normal refining operations. With this situation, the petroleum materials cost became a major factor in the cost of 100-octane aviation gasoline.

Records in the files of this agency disclose the prices at which certain specific quantities were sold to the Army, Navy, or Lend-Lease during the years 1940, 1941, and 1942. These prices vary somewhat for the period, location of plant, and type of delivery, but they are for the same grade of gasoline except as noted and are representative of prices for the areas given. The range of these prices was as follows:

100-octane aviation gasoline (containing 3 cubic centimeters lead per gallon)

(Cents per gallon, f. o. b. plant)

Period	Atlantic coast		Inland		Gulf coast		Pacific coast	
	Low	High	Low	High	Low	High	Low	High
1940.....			15.50	15.50				
1941.....			12.50	15.50	14.355	15.75	13.00	15.50
1942 ¹	13.95	14.81	13.75	14.50	12.925	13.961	13.40	13.75

¹ Last half, for aviation gasoline—100 octane, containing 4 cubic centimeters tetraethyl lead.

Because the Army and Navy lacked the authority to negotiate contracts for a period of 3 years, considered necessary to give the companies assurance of an outlet adequate to justify construction of new plants, it was decided that Defense Supplies Corporation would purchase the entire output of 100-octane aviation gasoline and would resell these purchases to the Army or the Navy or back to industry for sale to other qualified users as required. These contracts were negotiated by this agency and provided prices that assured the manufacture of his costs, plus a fair but moderate profit. The prices protected the high cost producer, while at the same time giving the Government the benefit of any low costs.

The range of prices paid to the refiner for 100-octane aviation gasoline by the Defense Supplies Corporation is shown by areas for January and December, 1943:

100-octane prices Defense Supplies Corporation

Period	Atlantic coast		Inland		Gulf coast		Pacific coast	
	Low	High	Low	High	Low	High	Low	High
1943								
January.....	14.26	14.26	12.68	13.90	12.91	13.49	13.14	13.74
December.....	12.64	14.30	13.13	13.97	12.43	13.61	13.00	14.09

As noted above, there has been a gradual improvement in the quality of 100 octane aviation gasoline furnished by the petroleum industry during this period. This quality improvement has been obtained through the installation of new modern equipment and through the use of special high quality components. Where the increased quality is furnished by the installation of special equipment, the contract prices cover such increased quality, but where quality is made as a result of the use of high cost components, such as cumene, toluene, and xylene, the contract prices do not reflect the cost of these materials and the prices mentioned in the table, therefore, do not include the cost of such components.

During the early stages of the war, the estimated normal production of 100-octane aviation gasoline was far below the demand of the armed forces and it was desired to use every possible means of adding to the meager supply. High cost and uneconomic sources were called into operation for the manufacture of high cost components not only to improve quality but also to increase the over-all quantity available. To provide reimbursement for the added expense of this additional volume, the Army and Navy agreed with Defense Supplies Corporation that it would reimburse the companies for any losses incurred in such operations. These losses are paid by Defense Supplies Corporation and are passed on to the Army and the Navy and other users in the price at which the Defense Supplies Corporation resells its purchases. Not only has there been a continuation of the high cost operations undertaken in the early months of the war, but other uneconomic means have been found to further expand and improve the quality of the 100-octane aviation gasoline produced. At the request of the armed services, many refiners, installing new facilities, added additional hours to their work week, and paid bonuses for quick completion of these installations, which extra costs are also being paid by Defense Supplies Corporation and are included in the resale price at which Defense Supplies Corporation delivers this material.

As a result of the conditions described above, while the base price of 100-octane aviation gasoline has gradually dropped during this period, the resale price of 100-octane gasoline has been increased because of the additional expense incurred in high-cost uneconomic operations and the costs incident to the rapid completion of new facilities.

The resale prices used by Defense Supplies Corporation since that agency started purchasing and reselling 100-octane aviation gasoline are set forth below, but in reading this table, it must be always kept in mind that into these resale prices have been added all of the extra construction and processing expenses that have been necessary to get the last possible drop of improved qualities of 100 octane in the shortest possible time. Thus, while the unit cost of 100 octane of the former specifications made in the normal way has been constantly falling, this trend has been obscured by the extraordinary expenses described above.

1943:	<i>Cents per gallon</i>
First quarter.....	14. 50
Second quarter.....	14. 50
Third quarter.....	14. 50
Fourth quarter.....	15. 25
1944:	
First quarter.....	15. 00
Second quarter.....	16. 00

It is anticipated that the contract price for normal production of 100-octane aviation gasoline will continue to drop below the figures shown for December 1943, inasmuch as some of the largest of the low-cost producers and some of the lowest cost increments are only now coming into production. Furthermore, there are a number of small plants operating under a cost-plus-a-fixed-fee contract which are currently starting operation and are in a period of high-cost production. It is anticipated that the costs of these operations will be reduced materially. It is believed that there is no reason to expect any basic increase in the price of 100-octane aviation gasoline of a given contract grade unless there is some radical change in the cost of raw materials or in the case of a general inflation. The production of a different quality than that now produced would necessarily affect the price.

Mr. TABER. Is this material that is figured on in this statement, on the basis of what it actually costs to produce at some given point, or how is it figured?

Lieutenant KEITH. The prices used were based on the price of the product plus transportation, plus storage charges, on the over-all program, on the same basis as it is presently operating; that is, taking products from the areas where they are available—that is, from the Gulf of Mexico—and moving to the east coast, where we have pooling facilities; or moving products to the west coast from the Gulf of Mexico.

Mr. LUDLOW. You have a standard margin of profit that you allow to the producer?

Lieutenant KEITH. In regard to a large part of this program, which is aviation gasoline, that is set by the Petroleum Administration for War.

Mr. LUDLOW. It is a uniform standard margin?

Lieutenant KEITH. That is set by them.

The CHAIRMAN. The statement that will be included in the record, that we asked for a few moments ago, will cover that situation, I believe.

Lieutenant KEITH. Yes; in the P. A. W. statement.

AVERAGE COSTS PER BARREL OF AVIATION HIGH-OCTANE GASOLINE

Mr. TABER. I would like to get this clear, if I can. About what is the average price being paid currently for this aviation high-octane gasoline, per barrel?

Lieutenant KEITH. The price paid by the Defense Supplies Corporation is 16 cents a gallon f. o. b. the refinery.

Mr. TABER. What does that mean as far as this book is concerned? Does that mean 15 cents a gallon, 50 gallons to the barrel? Is that the way you figure it?

Lieutenant KEITH. Forty-two gallons.

Mr. TABER. That would be \$6.30 a barrel, is that right?

Lieutenant KEITH. That is correct, sir.

Mr. TABER. Is that a higher or a lower price than the gasoline was costing a year ago?

Lieutenant KEITH. The prices varied a year ago. They ranged from $14\frac{1}{2}$ to $15\frac{1}{4}$ cents, to $15\frac{1}{2}$ cents, and then to 16 cents. It may fluctuate again. At certain periods of the year, they review their figures with the Petroleum Administration for War, on the basis of new plants coming in and the expenditures that they have had at the plants. There is a compilation of figures. They set the price for a period of time, and the Navy Department procures on the basis of the Defense Supplies Corporation sale price.

Mr. TABER. So that the price has been at about the same figure all the time?

Lieutenant KEITH. Approximately.

Mr. TABER. The fact that you have this figured in here on the basis of \$7.48 a barrel, as compared with \$6.30 a barrel, means what?

Lieutenant KEITH. That means additional costs were transportation and handling.

Mr. TABER. To the spot of delivery?

Lieutenant KEITH. That is correct, sir, to the port for tanker deliveries.

Mr. TABER. I thought that we got a statement from Admiral Land indicating what the transportation costs were, and that we were asked for that money as a separate item. Am I incorrect about that?

Lieutenant KEITH. I believe that was for tanker only. This is overland, tank-car movement.

Mr. TABER. Then, as far as the movement to the coast is concerned, that is covered by this; that is, to the coast and to the ports.

Mr. Cox. Admiral Land's figure was overseas transportation.

Mr. TABER. This does not include anything after it reaches the United States port?

Lieutenant KEITH. That is correct.

Mr. MARSHALL. May I point out that the cost of transportation on 100-octane gasoline per unit is probably rising as against a decline in the unit cost f. o. b. refinery; because, in the early stages, we were taking great quantities of 100-octane gasoline, so far as we had it, from seacoast points. But as the war has progressed and we have brought more and more refineries into the program, which are inland refineries, we have had to move material by tank car, finished 100-octane gasoline, from the Gulf coast to the west coast, and from inland points to ports; so the unit cost of transporting 100-octane gasoline tends to shift upward, whereas the unit cost f. o. b. refineries for gasolines of the same qualities tends to go downward.

Mr. TABER. To what extent, Mr. Marshall, has the unit cost gone down at the refinery?

Mr. MARSHALL. Over the years, over the last 3 or 4 years, it has gone down a great deal. Before the outbreak of the war, 100-octane gasoline was selling on the open market at approximately 20 cents a gallon. As the war has progressed, that has come down, from that figure, until now it is approximately, as the lieutenant has indicated, about 15 cents a gallon. And, if the war lasts another year and a half or 2 years, just estimating, I would guess it would come down to around 14 cents a gallon, if we compare octane gasolines of the same specifications.

The CHAIRMAN. Can you include a tabulation showing the decline in cost year by year?

Mr. MARSHALL. F. o. b. refinery points?

The CHAIRMAN. Yes.

Mr. MARSHALL. Yes, I think so. I believe the Defense Supplies Corporation would have it better than we.

Mr. TABER. But you can get it.

Mr. MARSHALL. Yes. We can secure it.

The CHAIRMAN. Insert it in the record at this point.

(The table is included in inserted statement of Mr. Marshall above.)

PRICE OF GASOLINE AND OILS

Mr. TABER. Is the price uniform or are there some refineries that get a differential?

Lieutenant KEITH. This is for all refineries.

Mr. MARSHALL. May I indicate how that was computed? The price f. o. b. refineries for 100 octane produced in the regular way varies from approximately 11 cents a gallon to 14½, 15 cents a gallon, f. o. b. refineries. There is no ironclad uniformity in the price at the refineries. We attempt, in negotiating 100-octane contracts, to allow a uniform margin. That necessitates complete cost accounting with each refinery, weighing the capital investment, construction cost, cost of raw materials charged to the plant, operating costs, and then the amount allowed was to put all refineries in the same profit position. That means slight variations in the price.

Mr. TABER. I suppose the newer outfits are producing at a lower price than the older ones?

Mr. MARSHALL. Very much so, Mr. Congressman.

Mr. TABER. The point is, the extraction of more of the high octane out of a barrel of oil, is it not?

Mr. MARSHALL. That is correct.

MOTOR GASOLINE

Mr. TABER. This motor gasoline that seems to be in at approximately \$5 a barrel—perhaps not quite; perhaps \$4.75—that sound like a rather high price, comparatively.

Lieutenant KEITH. That is built up on the same basis.

Mr. TABER. What does that sell for?

Lieutenant KEITH. The price f. o. b. refinery, at the point of manufacture, varies.

Mr. TABER. What is it; how much is it?

Lieutenant KEITH. It varies in the areas. It may vary from 8½ cents a gallon to 10 or 12 cents a gallon, delivered at shipside, depending upon where it is manufactured.

Mr. TABER. Does it run as much as that? Is it not lower than that?

Lieutenant KEITH. It might run that high.

Mr. TABER. What would you say, Mr. Marshall, about that price?

Mr. MARSHALL. I do not know exactly what is meant by motor gasoline. If that is 80 octane, all purpose, which is what I suspect it is, it would run from a low of roughly 7½ cents to a high of 10½ cents, depending on what section of the country you were buying it in. Also they have to add the overland transportation, the expense to seaport points, which would probably take it up to 4 or 5 dollars a barrel.

Mr. TABER. Gasoline and Diesel fuel and crude oils, costing somewhere around \$3 a barrel. How about that? Do your cost figures run into that?

Lieutenant KEITH. They do, in breaking the figures down. This is an average figure and they are combined. We have different types of cetene oils, and those oils vary according to cetenes. The same way with our fuel oils and our crude oils. Crude oil, as you know, is taken from the producing fields, where the price is low. The fuel oil is a refined product, and those run into Navy special fuel oils for bunkering of vessels, as well as a heavier type of bunkering oils for commercial vessels.

The CHAIRMAN. Are all of these tank shipments, or are some of them barrel shipments?

Lieutenant KEITH. Some of these are drummed and, again, the cost is figured on the proportion of the product being drummed, from past experience.

Mr. TABER. I have another item here that rather makes me a little inquisitive. It may be that I should not be inquisitive about it, but there seems to be 3,600,000 barrels of other petroleum products at 33½ million dollars, or approximately \$9.30 a barrel, going to the U. S. S. R.; and 802,000 barrels of other petroleum products going to the United Kingdom at \$3,800,000, or approximately \$4.60 a barrel. I am wondering if there is anything about that that should be explained.

Lieutenant KEITH. The reason for that discrepancy is that the product going to the U. S. S. R. in large quantity is a blending agent, known as iso-octane, to be used over there for blending in with their manufactured product, for the development of aviation gasoline; as well as iso-pentane, which is also an aviation blending agent; as well as additive products for the development of aviation lubricating oils, which carry a high cost per barrel. However, the United Kingdom requirement is made up of waxes and greases and solvents and asphalts and mineral oils, which do not carry a high cost per unit.

Mr. TABER. The lubricating oils up above run as high as \$15 a barrel.

Lieutenant KEITH. That is correct.

Mr. TABER. Which would be a higher rate than for anything else. I can understand that without any explanation, but in this item for delivery to Russia, you say that they were getting considerable lubricating oils.

Lieutenant KEITH. I am sorry if I gave that impression.

Mr. TABER. Maybe I misunderstood you.

Lieutenant KEITH. The product going to Russia is made up of iso-octanes, which are blending agents in the manufacture of aviation

gasoline, as well as iso-pentane, which is also an additive used in the manufacture of aviation gasoline, and paraflow, paratone, and other additive lubricating oil products; that is, not a finished product, but an additive used in the manufacture, used in high flying to keep motor oils fluid.

The United Kingdom requirement has a lower cost because that is made up of asphalts, solvents, petrolatums, and mineral oils, which are quantity oils but do not carry the value.

Mr. TABER. I think that is all.

The CHAIRMAN. Thank you, gentlemen.

TUESDAY, MAY 9, 1944.

WAR FOOD ADMINISTRATION

STATEMENTS OF LEE MARSHALL, DIRECTOR OF DISTRIBUTION; LT. COL. R. W. OLMSTEAD, DEPUTY DIRECTOR FOR SUPPLY; AND W. R. PITTMAN, ACTING CHIEF, BUDGET DIVISION

AMOUNT OF ESTIMATE

The CHAIRMAN. Mr. Marshall, we have procurement items under the Department of Agriculture, War Food Administration, totaling \$2,695,966,220. In addition there are other funds consisting of \$500,000,000 for the agricultural revolving fund; \$25,000,000, revolving fund for Caribbean purchases; \$4,573,000 for procurement expenses; and \$2,985,000 for administrative expenses, bringing the grand total up to \$3,148,524,220.

GENERAL STATEMENT

Would you care to make a general statement about the agricultural procurement items, Mr. Marshall?

Mr. MARSHALL. Yes, sir.

Mr. CHAIRMAN. You may proceed.

Mr. MARSHALL. We estimate that during the fiscal year 1944 the War Food Administration will have shipped approximately 4,995,000 long tons of agricultural commodities to lend-lease claimants at an estimated dollar value of \$2,300,000,000. The lend-lease budget for the fiscal year 1945 prepared by the Foreign Economic Administration provides for the shipment of 6,033,000 tons of agricultural commodities at an estimated cost of \$2,695,000,000. The War Food Administration recommends the approval of this program. It is our view that a well-balanced lend-lease food program is one of the important factors in a successful war food program. The continuation of food shipments under lend-lease at the estimated rate will not substantially impair supplies for our civilians or our armed forces. Through a system of food requirements and allocations, which has been functioning for over a year, we are able today, more than ever before, to determine the specific and real need of lend-lease claimants and to so control shipments that our own requirements are fully protected.

The very small share of our total food supplies shipped under lend-lease looms extremely large in the total supplies of the nations which receive the food. In fact, to these countries these supplies represent

the difference between a minimum diet on which they can exist, and sufficient food to enable them to produce and to fight efficiently.

For example: The 2 percent of our total dairy products shipped to the United Kingdom in 1943 made up 14 percent of their total dairy supplies; shipments to the United Kingdom of dried eggs under lend-lease amounting to 54 percent of their total egg supply were made without noticeable impact upon our own egg consumption; 10 percent of our total edible fats and oils sent to them constituted 63 percent of their total supply; 6 percent of our fruits measured 30 percent; and the 5 percent of our pork products shipped to the United Kingdom constituted 90 percent of the United Kingdom's total.

A considerably larger portion of our total lend-lease shipments will go to Russia this year than last. This year each of these two nations is scheduled to receive from $3\frac{1}{2}$ to 4 percent of our total available supplies. Food to Russia goes straight and almost exclusively to the fighting Soviet Army. So important are these foods to them that they often receive higher shipping priorities than weapons and other military items.

In recognition of our need to maintain the United States supply position and meet the requirements and habits of our civilian population, lend-lease recipients cooperate fully in a spirit of mutual understanding. These recipient nations often modify their requests at the expense of their own civilian and military forces to an extent that in many instances has resulted in changes in their national food habits.

Funds made available to the Office of Distribution by the Foreign Economic Administration are utilized to the best advantage in the purchase of lend-lease commodities. Objective buying is the keynote of the procurement program. No more goods are bought than are necessary in the light of requirements. With the purchase of food goes the concurrent responsibility of disposition. A constant analysis of prospective market conditions makes it possible to cut purchase costs through long-range procurement plans.

In order to be in a position to meet requirements it is sometimes necessary to stock-pile and hold in reserve large quantities of individual food items. Purchase of these items, however, is being programed to keep inventories at the lowest possible level compatible with the safety of the lend-lease program. Inventories now are being continuously reviewed in order that unneeded goods resulting from fluctuating requirements of war can be released immediately into commercial channels for civilian consumption. Close relationship is maintained with the Army, Navy, and other procurement agencies to prevent Government-purchase operations from upsetting normal market conditions. Purchases are also correlated with those of other agencies in such a way as to keep total governmental inventories at the lowest possible level.

Through experience and simplification, lend-lease food procurement programs are being operated with the minimum of displacement of United States civilian food requirements and a maximum contribution to the war effort of the United Nation claimants.

FOOD AND RATIONING CONDITIONS IN GREAT BRITAIN AND RUSSIA

The CHAIRMAN. I see from the estimate here that the vast preponderance of this food, both in quantity and in dollar value, goes to Great Britain and Russia.

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. The committee I think would like to have as much information as we can get on food conditions in these two countries, their rationing systems, and anything you can tell us that will substantiate the estimate before us.

Mr. MARSHALL. United Kingdom rationing, as most of you know, is much more close and strict than ours, or that of possibly most of the other countries. Through the Combined Food Board, we have the opportunity of knowing what their requirements are and what their supplies are and their ration per capita. And I am convinced, and I believe the Food Administration is convinced, that every effort is being made on their part to keep their requirements to a prudent level, commensurate with the requirements of the war.

The Soviet Union, as we have stated in this general statement, are stepping up their requirements this fiscal year as compared with the last. Perhaps Colonel Olmstead can give you some more information about Russia or about the United Kingdom than I can.

The CHAIRMAN. Colonel Olmstead, we would like to know just what the food situation is over there. Various reports have come back to us. Some people have gone over there and come back and said that they lost 20 pounds per month; they simply could not maintain weight on the ration over there. Other reports we have had are to the effect that, while there was not a profusion and a variety over there, that everyone was amply fed.

There was in the newspapers recently an article, specifically in the Washington Star of April 22, by Eddie Gilmore, Associated Press foreign correspondent, under a Moscow date line, describing Russian food stores that have been opened for the sale of unrationed foods which include some of the foods we are lend-leasing to Russia because of her short supply.

I suppose you read that article.

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. It is about a column long and describes the opening of, I think, eight or nine centers where they secure practically everything; only the price is high. But apparently it is available if anyone wishes to buy it.

We had before us I think Mr. Batt, sometime ago, and he said that dairy products were very short in Russia; milk was not available for anybody except invalids and infants. Now, this article says that various dairy products are on sale in these centers without rationing of any kind, without rationing restrictions at all.

Now, Mr. Batt also told us that there were children in Russia who had never tasted candy. In this article by Eddie Gilmore he says:

Candy previously had been sold on Moscow streets but usually by private persons, principally women, and prices were higher than those of the state vendors, whose goods were neat and clean.

* * * state candy sellers, dressed in white coats and white aprons, who, with neat little trays around their necks, patrol the streets.

Apparently anybody can buy candy.

He also says about the meat situation:

In the meat section I found beef, mutton, pork, suckling pigs, chickens, geese, turkey hens, tiny delicate sausages, and many varieties of larger sausages and game birds.

In the fish department there were herring, sturgeon, perch, and black and red caviar; in the dairy department, cheese, butter, condensed milk, cream, eggs, sunflower seed, oil, and lard.

Now, this may be purely propaganda of some sort; but we are requested here to supply quite a large sum of money and enormous quantities of foodstuffs. We would like to know just what the situation is.

Mr. Cox. Mr. Chairman, on the Gilmore statement, I would like to say this. We get regular cable reports from them on the food situation, from which it would appear that it is much more severe in terms of shortages than here. But we cabled specifically on the Gilmore story. We have gotten a preliminary report and the full report ought to be in in a day or so. Also, Mr. Harriman, who is the Ambassador there, is very familiar with lend-lease, as you know, and has kept a particular eye on things. I am sure, if the committee wanted him to testify at first-hand as to what food conditions are in Russia, he would be glad to do it for you. But we will have a statement on the Russian situation with specific reference to the Gilmore article, which we can supply to you for the record. And that ought to be a complete report.

The CHAIRMAN. It has not yet been received?

Mr. Cox. We have gotten a preliminary report, but they said they would send a cable.

Colonel OLMSTEAD. The report to which Mr. Cox refers is the consumption levels inquiry which was instituted by the American side of the Combined Food Board in cooperation with the United Kingdom about a year ago. It includes also Canada. A mission went to the United Kingdom and studied for some weeks the consumption, the ration level, and supplies in the United Kingdom, and came back and assembled data on the United States and Canadian situations, and has drawn up a comparison.

The food situation in terms of quantity in the United Kingdom is not bad. In terms of quality and variety it is not so good. The people who go over there and lose 15 or 20 pounds a month, the ones that I have talked to, have indicated the reason they did it was that they could not eat anything but boiled potatoes and brussels sprouts, and they were accustomed to a greater variety.

We will be glad to supply a copy of that inquiry for the record, and we have copies that would be available to each member of the committee, if you care for them.

The CHAIRMAN. Is it a voluminous document?

Colonel OLMSTEAD. It is a lengthy document, but we have a brief summary.

The CHAIRMAN. Suppose you bring it down to a reasonable length and cover all the salient points.

Colonel OLMSTEAD. We have that and will supply it for the record, and if you would like we will supply the more lengthy report for each member of the committee.

(The statement requested is as follows:)

SUMMARY OF REPORT

SCOPE OF REPORT

8. This report deals mainly with the levels of food supplies moving into civilian consumption in the United States, Canada, and the United Kingdom in the year 1943 and in the pre-war period (defined for the United Kingdom as 1934 to 1938 and for the United States and Canada as 1935 to 1939). Part I of the report sets out the general problems involved in making such a study and the methods

adopted for overcoming them. The comparison of consumption levels¹ in the United States, Canada, and the United Kingdom is made in part II of this report. Chapter 5 makes the comparison in terms of nutrients and chapter 6, in terms of the quantities of the different foods consumed. In addition, the trends of food-supply levels over the intervening years and the foremost trends in the year from July 1943 to June 1944 are briefly discussed (ch. 7).

BASIC DATA

9. The data from which average per capita figures for consumption levels in different countries can be most readily and directly obtained, on a reasonably comparable basis, are those relating to the total supplies of food moving into consumption in the areas concerned and the sizes of the populations to be fed from these supplies. The present inquiry has therefore been based almost entirely on this type of data. The coverage has been made as complete as possible, and includes food produced by self-suppliers for their own use as well as food passing through commercial channels. Although data are not available to make as complete or as refined a study of consumption levels in these countries as would be desirable, it is considered that the broad outlines of the picture as presented here reflect the most significant features in the factual situation with sufficient precision for practical purposes. Reference is made in paragraphs 33 to 35 to supplementary information which would be valuable in inquiries of this nature.

TABLE 1.—*Estimated supplies, in pounds per capita per year, moving into civilian consumption*

Item	Supplies, pre-war			Supplies, 1943 ¹			Percentage change 1943 compared with pre-war—			Supplies in United Kingdom 1943 as percentage of—		Supplies in Canada as percentage of United States 1943
	United States	Canada	United Kingdom	United States	Canada	United Kingdom	United States	Canada	United Kingdom	United States	Canada	
Milk and milk products, excluding butter, total milk solids (fat and non-fat)	Lb. 55.0	Lb. 54.6	Lb. 38.3	Lb. 64.4	Lb. 64.3	Lb. 49.2	Pct. +17	Pct. +18	Pct. +28	Pct. 76	Pct. 77	Pct. 10
Meats including cured, canned, and edible offal (as carcass weight)	134.9	120.1	136.4	141.3	134.4	107.3	+5	+12	-21	76	89	95
Poultry, game, and fish (edible weight)	26.1	25.8	30.6	27.6	26.2	18.8	+6	+2	-39	68	72	95
Eggs (fresh equivalent)	35.6	30.5	24.4	41.2	37.8	22.9	+16	+24	-6	56	61	92
Oils and fats (fat content)	45.1	41.2	45.6	44.5	43.6	38.4	-1	+6	-16	86	88	98
Sugars and sirups (sugar content)	105.3	97.0	94.5	84.0	79.1	65.0	-20	-18	-31	77	82	94
Potatoes and sweetpotatoes	142.7	191.7	177.0	155.1	205.1	255.8	+9	+7	+45	165	125	132
Pulses (beans, peas, and lentils) and nuts (weight without shell)	15.8	12.6	9.5	19.3	11.7	5.6	+22	-7	-41	29	48	61
Tomatoes and citrus fruits (fresh fruit equivalent)	88.3	51.1	46.8	103.0	61.5	23.2	+17	+20	-50	23	38	60
Other fruits and fruit products (fresh equivalent)	151.3	79.6	93.5	104.1	72.4	52.0	-31	-9	-44	50	72	70
Leafy, green, and yellow vegetables	85.7	43.9	99.3	93.4	43.2	132.7	+9	-2	+34	142	307	46
Other vegetables	62.3	34.0	48.6	65.4	32.8	64.4	+5	-4	+33	98	196	50
Grain products	200.7	206.9	211.0	201.2	215.4	247.4		+4	+17	123	115	107
Beverages (tea, coffee, cocoa)	16.0	10.8	13.5	14.3	10.5	12.3	-11	-3	-9	86	117	73

¹ Including Victory-garden production.

NOTE.—The figures in the above table and in all other tables in this report are national averages and should not be taken to represent the actual supply received by each individual consumer.

Differences between estimates for the United States in this table and estimates published by the Bureau of Agricultural Economics in the January 1944 issue of the National Food Situation are explained p. 5.

¹ For brevity the terms "consumption level" or "per capita supplies" are frequently used in this report in place of the more precise expression "level of food supplies moving into civilian consumption." All such figures represent the total supplies of food moving into civilian consumption measured at the point where they enter the consumer's hands and divided by the total civilian population. They are greater than the quantities of food actually eaten, as some losses in preparation, cooking, etc., are unavoidable.

THE SUPPLY PICTURE IN 1943

10. The per capita supplies of all foods (by major commodity groups) available for civilian consumption in the United States, Canada, and the United Kingdom, expressed in terms of agreed common denominators, are shown in table 1. It will be noted from this table that for all food groups, except grain products, potatoes, and vegetables, the supply level for the United States is highest, that for Canada intermediate, but in most cases close to the United States, and that for the United Kingdom lowest. For grain products and potatoes this order is reversed, the United Kingdom being highest, Canada next, and the United States lowest. In the case of leafy, green, and yellow vegetables and other vegetables, United Kingdom supplies are greatest and Canadian very much the lowest. Before the war the commodity composition of the diets of the three countries was essentially similar, although even then some differences existed. These differences have been increased by changes necessitated by wartime conditions, changes which have been greater in the United Kingdom than in the other two countries. In the United Kingdom 10 of the 14 commodity groups show changes (+ or -) of more than 20 percent, from pre-war levels, as compared with two changes of this magnitude in the United States and one change in Canada. For most groups in the United States and Canada supplies are close to or rather above their pre-war level. In the United Kingdom 9 of the 14 groups show changes in a downward direction, although these have been partly offset by substantially increased consumption in some groups—milk products, grains, potatoes, and vegetables. A comparison of supply levels, on a per capita basis, in 1943 and of the changes since before the war, for the main food groups, is as follows:

Milk and milk products.—Each country shows a substantial increase in the consumption of milk and milk products, although that for the United Kingdom is noticeably the greatest. As the United States and Canada had appreciably greater pre-war supplies, however, the United Kingdom level for 1943 remains nearly 25 percent lower than those of the other two countries.

Meat, poultry and fish, and eggs.—For each of these groups—which are known as *entree foods*—both the United States and Canada show increases, and the United Kingdom shows a decrease. For the first two groups, the United Kingdom pre-war supplies were higher than for either of the other countries, but in 1943 they were noticeably lower.

Oils and fats.—The supply levels of oils and fats in the United States and Canada have been approximately maintained. Before the war the United Kingdom had the largest supply by a slight margin. However, a 16-percent decline during the war has brought the United Kingdom supply below those of the other two countries.

Sugars and sirups.—All three countries have suffered a considerable reduction in supplies of sugars and sirups. This reduction amounts to about 30 percent in the United Kingdom and about 20 percent in the other two countries.

Potatoes.—Consumption of potatoes in the United Kingdom has increased by nearly 50 percent to about 65 percent above the United States and 25 percent above the Canadian levels; consumption levels in the other two countries have increased by less than 10 percent.

Tomatoes and citrus fruits.—Before the war, the consumption of tomatoes and citrus fruits in the United States was highest and consumption in the United Kingdom lowest. In 1943 the relative positions remained the same but the differences were made more pronounced by a 50 percent drop in the United Kingdom level and a 16 percent increase in that of the United States. Canadian supplies were little changed.

Other fruits and fruit products.—Declines in available quantities of other fruits and fruit products are shown for all three countries, with the most significant decreases occurring in the United Kingdom and the United States. The Canadian pre-war level was lower than pre-war levels in the other countries and in 1943 it was still appreciably below the United States level, although well above the United Kingdom level.

Leafy, green, and yellow vegetables.—In the United Kingdom supplies of these vegetables have increased by about one-third to about 42 percent above those of the United States and some three times above the Canadian level.

Other vegetables.—For this group, United Kingdom supplies have risen by about one-third to approximately the level of supplies in the United States and double the Canadian level.

Grain and grain products.—Pre-war supplies of grain and grain products showed only small differences between the three countries. A small increase in Canada

and a substantial increase in the United Kingdom brought the 1943 supplies in Canada to about 7 percent, and in the United Kingdom to about 23 percent, above the United States level.

THE NUTRIENT PICTURE IN 1943

11. The per capita quantities of nutrients contained in the above-mentioned quantities of foodstuffs, calculated on the basis of the best scientific information available, are presented in table 2. Certain differences exist between the nutrient analyses accepted in the United States and Canada and those used in the United Kingdom; these have been reconciled insofar as possible and any significant differences which remain are indicated in table 2 by figures in parentheses and in footnotes to the table. A discussion of the problems involved will be found in appendix D. In making, from table 2, a direct comparison of the situations in regard to protein, fat, and carbohydrates in the three countries, it will be noted that available supplies in the United States and Canada are somewhat greater than in the United Kingdom. During the 4 years of war, the United Kingdom diet has suffered a rather sharp decline in fat content but the 1943 levels of consumption in the United States and Canada are higher than for the period of 1935-39. In each country the supply of carbohydrates has declined slightly and the total supply of protein has increased. In the United Kingdom, however, this increase has been accompanied by a material decline in the proportion of animal protein to vegetable protein; in the United States the proportion has remained virtually unchanged; and in Canada there has been a noticeable increase in the proportion from animal sources. The actual level of consumption of animal proteins is now appreciably higher in the United States and Canada than in the United Kingdom. When protein, fat, and carbohydrates are combined in terms of calories, a slight decline is shown in the United Kingdom and a slight increase in the United States and Canada.

12. Insofar as vitamins and minerals are concerned, all three countries have maintained or improved their positions. In general, the increases have been greater in the United Kingdom than in the other two countries, although the United Kingdom supplies still tend to be the lowest. The data on nutrients are not all of equal reliability. Thus, percentage differences which would be significant in the case of calories or in the case of the major nutrients (protein, fats, and carbohydrates) may not be significant for some vitamins or minerals, because of uncertainties of chemical determination, difficulties of estimating supplies of the particular foods (for example, vegetables) from which they are largely derived, and the substantial losses which may occur in some nutrients during storage, preparation, and cooking (see par. 76 and app. D). Appraisal of the data is therefore largely a matter of informed judgment. Insofar as possible the extent to which differences may or may not be regarded as significant is indicated in the commentary on the figures given in the text of the report.

NUTRIENTS IN RELATION TO STANDARDS

13. When a comparison for 1943 is made of the quantities of the various nutrients contained in the food supplies of the three countries and the accepted average intake requirements, it is found that in all three countries the requirements are exceeded by supplies, except in the case of Canadian supplies of ascorbic acid (see ch. 5). The margin between requirements and supplies of calories is wider in the United States and Canada than in the United Kingdom. Under the best possible conditions it is always necessary to provide some margin of supplies, above the requirements, to take care of waste and losses, if a satisfactory diet is to be maintained (see ch. 4).

TABLE 2.—*Estimated supplies, per capita per day, of nutrients available for civilian consumption*

Item	Supplies, pre-war			Supplies, 1943			Percentage change, 1943 compared with pre-war—		Supplies in United Kingdom, 1943, as percentage of—	
	United States	Canada	United Kingdom	United States	Canada	United Kingdom	United States	Canada	United States	Canada
Calories.....	3, 228(3, 080)	3, 124(3, 020)	2, 984	3, 283(3, 130)	3, 223(3, 120)	2, 827	+2	86(90)	88(91)	98(100)
Protein, animal.....	51	49	43	56	57	40	+9	72	71	102
Protein, vegetable.....	38	39	38	39	40	47	+3	121	116	104
.....do.....										
Total.....	89	88	81	95	97	87	+7	92	90	103
Fat.....	132	122	130	138	133	113	+5	82	85	97
Carbohydrate.....	420(380)	417(390)	373	413(375)	409(385)	366	-2	80(98)	89(95)	99(103)
Calcium.....	868	830	694	996	956	1, 054	+15	106	110	96
Iron.....	14	15	13	16	16	16	+14	103	99	104
Vitamin A.....	6, 486	6, 133	3, 808(4, 700)	6, 979	6, 783	3, 882(5, 000)	+8	56(72)	57(74)	97
Ascorbic acid (Vitamin C).....										
Thiamine (aneurin or vitamin B ₁).....	99	58	112	106	61	127	+7	120	208	58
Riboflavin.....	1.8	1.9	1.2(1.4)	2.4	2.0	1.9(2.1)	+37	79(88)	95(105)	83
Niacin (nicotinic acid).....	2.0	1.8	1.6	2.3	2.1	2.1	+18	80	98	90
.....do.....	18	17	18	20	19	19	+14	92	100	92

NOTES.—(a) The figures in the above table and in all other tables in this report are national averages and should not be taken to represent the actual supply received by each individual consumer. No allowance has been made in the above figures for the substantial losses of some nutrients which may occur in storage, preparation, and cooking.

(b) The figures in parentheses following those for calories and carbohydrates (United States and Canada) and for vitamin A and thiamine (United Kingdom) indicate the approximate values if calculated with the same nutrient factors as for the other countries. For these nutrients the methods of estimation in the three countries are not entirely comparable (paragraphs 65, 75, 79, and 81). For other nutrients this difficulty does not arise and the figures may be regarded as comparable.

GENERAL CHARACTER OF THE DIET

14. A comparison of diets on the basis of nutrients alone would be incomplete. Attention must also be given to the general acceptability, including palatability and culinary convenience of the diet (see ch. 3). An examination of the changes in consumption, necessitated by wartime conditions, indicates that the United Kingdom diet has suffered more seriously than has been the case in the United States or Canada (see ch. 6, particularly pars. 87 and 88). The maintenance of a satisfactory level of calories and certain other nutrients in the United Kingdom diet has involved a substantial increase in the use of cereal foods and potatoes (these now contribute 43 percent of the total calorie supply as compared with 34 percent before the war), because supplies of such foods as meats, shell eggs, fats and oils, sugars, and fruits have declined. One of the major difficulties experienced by the British housewife has been that of providing main courses (entree dishes). Entree foods in the United Kingdom have been reduced by approximately one-fifth from the pre-war period, whereas in the United States and Canada they have increased (see par. 89). The increase of vegetables in the diet of people in the United Kingdom has helped to offset the loss of vitamins and minerals in fruit, but, during the winter months particularly, it has been most difficult to provide variety in the diet.

TRENDS OF SUPPLIES SINCE PRE-WAR TIMES

15. The changes which have taken place year by year in the diets in the three countries are shown in charts 3 and 4 (these are derived from tables 25 and 26 in ch. 7.) Thus, the changes indicate the trends of consumption. The figures for the United States show a marked increase in food supplies in 1940 and 1941, as compared with supplies for the pre-war period. Calories available per capita were 7 percent greater in 1941 than in 1935-39. This increase was mainly derived from milk products, meat, poultry, eggs, oils and fats, and sugar. With the entrance of the United States into the war, at the end of 1941, supplies of sugar and other imported foods fell sharply and sugar and coffee were rationed. Meats, fats and oils, and canned fruits and vegetables were rationed early in 1943. These measures are reflected in the declines in sugar consumption in 1942 and in meat and visible fats in 1943. The result was a decline in the calorie position which, by the end of 1943, stood only slightly above the 1935-39 level. Supplies of minerals and vitamins, on the other hand, continued to rise after 1941 and by 1943 stood well above the 1935-39 level. The chief factors in this increase were the enrichment of flour with iron, thiamine, riboflavin, and niacin, and the substantial increase in available supplies of fluid milk. In spite of reduced supplies and rationing of several important foodstuffs, the consumption of all nutrients, except carbohydrates, was higher in 1943 than it was in 1935-39.

16. The Canadian figures show a steady improvement in the supplies and the quality of the diet up to 1943 but the effects of rationing are shown in a reversal of the advance in the consumption of sugar in 1942 and of fats in 1943. From a pre-war consumption level below that of the United States in almost all nutrients, the general increase in the Canadian consumption level brought supplies of all nutrients in 1943 to approximately the level of the United States. The outstanding exception to this is ascorbic acid. The low level of Canadian supplies of this vitamin has already been noted.

17. In the United Kingdom supplies of food fell sharply in 1940 and 1941, particularly those of meat, visible fats, sugar, and fruit. This greatly reduced the palatability as well as the nutritional value of the diet. These changes are reflected in the nutrient figures for fats and animal protein, but the loss of carbohydrates in sugar is largely offset by the increased consumption of starch in bread and potatoes. At the period of greatest shortage, in the first half of 1941, calorie supplies fell to 2,680, animal protein to 33 grams, and fat to 105 grams per head per day and there were indications that the diet was inadequate. The 1942 figures show an improvement, resulting chiefly from lend-lease supplies. From 1942 on supplies have remained remarkably constant at a calorie value of over 2,800, although fats and animal protein are still considerably below the pre-war level. A satisfactory feature of the British position has been the improved supplies of vitamins and minerals which have resulted mainly from the increase in the extraction ratio of flour and increased supplies of vegetables and milk and milk products.

DIFFERENCES BETWEEN COUNTRIES

18. As a background to comparisons of consumption levels in several countries, it is necessary to take into account certain fundamental differences which may exist between countries in respect to such factors as the degree of self-sufficiency and geographical and social background. The United Kingdom is a compact, densely populated area and is dependent on imports for a substantial portion of the food supply. In the United States, and to an even greater degree in Canada, the situation is different and supplies of certain foods have normally been in excess of domestic demand. For this reason there has probably been a tendency toward greater losses in marketing and distribution and wastes in consumption. This, combined with a relatively high proportion of self-suppliers, has rendered the administrative problems of food distribution on an equitable basis much more difficult.

CONCLUSIONS

19. The conclusions of the committee on the present state of food supplies in the countries concerned and their relation to nutritional and dietary standards are listed below in summary form. They are based on the general facts as developed in the study and on extended discussions in the committee. The most pertinent chapters and paragraphs relating to each conclusion are indicated in parentheses, for reference purposes.

(a) In the United States, Canada, and the United Kingdom the total food supplies currently entering into civilian consumption, if they were distributed broadly in accordance with physiological needs, would, with one exception, be sufficient to meet nutritional intake requirements on a restricted basis (as defined in pars. 40 to 43) without impairing health, morale, or working efficiency. The exception is the Canadian supply of ascorbic acid, which appears to be marginal. With the exceptions noted below, they would be adequate to meet intake requirements based on the full National Research Council (United States) "recommended dietary allowances" of nutrients. The exceptions are: Certainly ascorbic acid in Canada; probably vitamin A in the United Kingdom, and ascorbic acid in the United States and the United Kingdom (allowing for the considerable losses of the latter nutrient which may occur in storage, preparation, and cooking); and possibly riboflavin and thiamine in all three countries.

(b) The estimated per capita supplies of most nutrients in the United States and in Canada are greater than supplies in the United Kingdom (table 2 and ch. 5). The calculated average nutrient intake requirements of the three countries are practically the same (pars. 40 to 43, 66 to 68, and appendix C). With the exception of a few individual nutrients, the margins between nutrient supplies and intake requirements actually existing at present in the United States and Canada are wider than in the United Kingdom. Some margin must be allowed because waste in consumption and disparities of distribution in relation to needs cannot be entirely eliminated. Under present conditions these are probably greater in the United States and Canada than in the United Kingdom (pars. 69 to 71).

(c) To the extent that the distribution of food in the three countries can be improved to narrow the range of variations in consumption that now exist above and below actual individual requirements, the total food supply necessary to insure an adequate level of consumption for the population as a whole will be correspondingly reduced. In the United Kingdom, essential foods, broadly speaking, are already being distributed according to needs and the scope for further modification of the distribution pattern along these lines is narrowly limited (chs. 4 and 5).

(d) From the point of view of variety, acceptability to the consumer, and culinary convenience, the United Kingdom diet is inferior to those of the United States and Canada (ch. 6). In the United States and Canada considerable economies in the use of basic food resources are physically possible. To achieve them would involve further adjustments in the commodity composition of the supplies entering into civilian consumption, i. e., through further shifts from commodities in the production of which yield relatively low nutritional returns to those in which the nutritional returns are higher. The need for economy in shipping and in agricultural production has already resulted in substantial changes in the commodity composition of the United Kingdom diet. In the present circumstances further appreciable changes of an unfavorable character in the United Kingdom diet would give rise to apprehension about their possible effects on the work, output, health, and morale of the civilian population (ch. 4, par. 91).

(e) In all three countries dietary changes must be considered in relation to public reactions. A material reduction in the acceptability of the diet may have serious consequences both on the morale and on the nutritional status of the population concerned. Any substantial change in the composition of civilian supplies from favored and familiar foods to less favored or to less familiar foods can be safely made only if it is possible to convince consumers that the circumstances fully justify the adjustments required of them, and if due account is taken of the fact that the process of consumption adjustment will require time and guidance.

The CHAIRMAN. You may resume.

Colonel OLMSTEAD. In addition to that, Mr. Chairman, there is made available to the Office of Distribution each week a secret report of all the stocks in the United Kingdom of all foods, the weekly production rate, the weekly consumption rate, so that we have a fairly accurate working knowledge of those supplies. In the making of allocations, those supplies are taken into account so as to not permit the accumulation of unusually large stocks, irrespective of the rate of per capita consumption by the people of the United Kingdom. The Russian situation, I agree with Mr. Cox, could be covered most adequately by Mr. Harriman. I would like to say two or three things about it.

The occasional reports we have received over the course of the last 18 months have indicated a ration for civilians approximating 1,900 calories a day, and less essential civilians going somewhat below that. That is considered to be almost a starvation diet. People can exist on it, but they cannot maintain health and productive energy.

Mr. Gilmore, who wrote that story, was here last fall. I had quite lengthy conversations with him, and at that time he reported a very severe shortage of food for the ordinary Russian citizen. He indicated that Americans in Moscow could get somewhat more but that the normal Russian diet was very, very low indeed.

With respect to these stories, if I may make one comment off the record—

The CHAIRMAN. Off the record.

(Discussion off the record.)

The CHAIRMAN. As a matter of fact, our information is that the Army there is well fed and that civilians have a standard of living and a diet standard in proportion to the importance of the service they render, and those who are rendering little service in the war effort are on a very attenuated diet indeed. I suppose that it is part of their basic policy and one which is well justified that the men at the front should be well nourished in order to be able to maintain themselves in the face of the enemy. As you understand it, that is the system followed there?

Colonel OLMSTEAD. We have had conferences with General Rudenko who is the head of the Soviet Purchasing Commission in the United States, and he confirms that the Russian Army is as well fed as they could possibly feed it. He also indicated that food is one of the most important factors in the type of warfare they are now waging, particularly in the wintertime. He commented on one occasion when the Germans retreated they oftentimes abandoned munitions, tanks, and such as that, but they have yet to abandon any food.

The CHAIRMAN. That is a rather significant commentary on the importance of food as a munition of war.

Colonel OLMSTEAD. Yes.

The CHAIRMAN. And the farmers who are producing it are getting less in proportion than the producers of any other vital munition of war. I believe the gentleman has been in the Department of Agriculture for some time. You did not answer that question.

Colonel OLMSTEAD. That was a statement, Mr. Chairman; not a question.

Mr. LAMBERTSON. I think the Germans could abandon tanks more easily than they could food. That had something to do with it. They could not carry the tanks back as easily as they could the food.

The CHAIRMAN. What is your background, Colonel Olmstead?

Colonel OLMSTEAD. I came here in 1933 and served as secretary to Senator Pope of Idaho and clerk of some agricultural committees on the Senate side for 6 years. Thereafter I went into the Department of Agriculture and served in the Secretary's office. Later I was transferred to the S. M. A. and was there until 1942, when I was called to active duty as a Reserve officer, and shortly thereafter was sent back by the Quartermaster Corps for the purpose of coordinating Army and lend-lease buying.

The CHAIRMAN. And before you came to Washington——

Colonel OLMSTEAD. I was in school. I came from Idaho.

The CHAIRMAN. You think, then, that the food supplies available in Russia warrant our supplementing them with lend-lease material, and that the rationing system over there is sufficient to insure that they will take full advantage of all we send?

Colonel OLMSTEAD. Yes; I do. I think that we are far below what we would be sending to Russia if we were able to know exactly what their food situation is. The limitation is transportation.

STATEMENT OF MR. HARRIMAN ON SOVIET UNION'S SUPPLY OF FOOD

The CHAIRMAN. I believe that at this point I will ask Mr. Cox to submit a statement by Mr. Harriman on this article. In that connection he might also give us a résumé of conditions and the rationing system in Russia.

(The statement requested is as follows:)

I have been asked to give the Appropriations Committee of the House of Representatives my estimate of the food situation in the Soviet Union. My answer is that the Soviet Union's supply of food is still very short and very severely rationed.

The opening in Moscow and some other cities in the Soviet Union, as reported in a recent newspaper dispatch, of a few "commercial stores" where certain food items may be purchased at extremely high prices without ration cards does not indicate any substantial change in this situation in the immediate future for either the Red Army or the great mass of the Soviet people.

Only the smallest fraction of 1 percent of all the foodstuffs produced in the Soviet Union is sold in these stores on an unrationed basis. The amount any one person is allowed to buy is strictly limited and prices in them are so high that only small quantities can be bought even by those people who have money. For example, bacon is sold in these stores at prices equivalent to \$15 a pound; lump sugar at \$20 a pound; lemons at \$2.75 apiece; white bread at \$2.90 for a 1-pound loaf; lamb at \$10 a pound. Prices are perhaps 50 to 100 times higher than prices at stores where the normal rations are sold.

The "commercial stores" have probably been opened primarily for morale purposes, as a renewed promise to the Soviet people that eventual relief from the very severe food shortages which they have now suffered for almost 3 years has been brought closer by the victories of the Red Army this winter and spring. Even the Russian who can buy nothing at these stores is reminded by their opening that good foods do exist and will eventually be generally available. I feel that after nearly 3 years of war on their own soil and terrible privation the needs of this form of stimulus is greater than Americans can imagine. Another reason may be that all producing Russians have accumulated large quantities of rubles

because there has been so little to buy. These stores tend to draw off these excessive rubles thereby reducing inflationary tendencies.

In the meantime food rations continue very severe. It has been estimated that food rations of Soviet war workers are on the average only two-thirds of what we in the United States would consider the minimum essential for good health. White-collar and professional people receive even less, while adults not contributing to the war effort often receive only a small bread ration.

Lend-Lease shipments of 2,600,000 tons of food to the Soviet Union, while accounting for only a small part of the Soviet Union's total food supply, are an important part of certain most valuable types of food and have been of vital assistance to the Soviet Union in maintaining the balanced rations of the Red Army.

The Ukraine, the Soviet Union's richest agricultural region, has just been liberated after almost 3 years of German occupation. While the speed of the German withdrawal limited the damage, the retreating Germans attempted to destroy what they could not take away. Several years of intensive effort lie ahead before the Ukraine and other liberated areas can be restored to full food production. This will be particularly slow in respect to animal products.

In the meantime I believe that it is now more essential than ever—with the climactic offensives of the war in Europe impending—that lend-lease food shipments for the Soviet Army continue. We should also continue to send seeds and other supplies to assist the Soviet Union to restore food production in the devastated areas as rapidly as possible.

FOOD SITUATION IN ENGLAND

The CHAIRMAN. Now, as to England, what is the situation there?

Colonel OLMSTEAD. The situation in England is that their diet runs, oh, I would say, about 80 percent of what ours would run if it were based on rations that were in effect at the year's end. Our diet, of course, would be much higher now because civilian allocations have been substantially increased by reason of unusually high production and some difficulty in clearing commodities.

The CHAIRMAN. How does their rationing system compare to ours, both as to extent and effectiveness of enforcement?

Colonel OLMSTEAD. Well, in extent it is much more drastic than our system. It is much more drastic in the sense that many more commodities are rationed, and that a good many of the commodities are off the list entirely.

For example, there is no ice cream produced in the United Kingdom whatever.

Fluid milk, the ration is about 2 pints per week per adult.

Fats are approximately 8 pounds a year lower than our ration if you assumed the carrying out of the red points as they were planned to be carried out. At the present time I would estimate, subject to check, that their consumption of fats is 8 pounds a year lower than ours.

Their butter is very substantially lower than ours, but I regret that I am unable to give you the exact quantity.

The meat ration is lower than ours.

Their consumption of potatoes, bread, and brussels sprouts is substantially higher than ours.

In the enforcement of the ration I think the United Kingdom has stricter enforcement of the ration for the simple reason that the Ministry of Food owns all the food in the country. They have complete control of all supplies by ownership.

The CHAIRMAN. Are there any black markets there?

Colonel OLMSTEAD. I assume there are black markets everywhere.

Mr. TABER. You mean the local production is controlled absolutely by them, like potatoes and such things as that?

Colonel OLMSTEAD. As to potatoes, that is an unrationed commodity, but let us use hogs, for example. There is some production of hogs in the United Kingdom. When a farmer wants to sell a hog he takes it to a local board, which is a Government board. That board appraises the hog and sets its value in accordance with their price ceilings. He then sells the hog to the Government. The Government had, at the outset of the war, taken all the processors of, let us say, pork, organized them into a governmental agency—something like a cartel, only under Government control—used those parts of the existing machinery which were most efficient, and they have a profit-sharing device under the terms of which every one in business before gets a share of the profits and that is controlled and run by the Ministry of Food.

QUALITY OF ENGLISH AND RUSSIAN FOODS

The CHAIRMAN. What about the quality of foods both in England and in Russia? For example, to what extent is their bread comparable with bread which is on sale in the United States?

Colonel OLMSTEAD. I do not think there can be an adequate comparison. The quality is much lower in the United Kingdom because they are using all their own production of wheat, which is a very low-grade wheat as far as bread making is concerned.

Mr. TABER. Which country?

Colonel OLMSTEAD. The United Kingdom. I cannot tell you about Russia because I do not know. I understand that they have a great deal of black bread, and I guess that depends upon what you like. Our people, I think, do not consider it of very high quality.

Mr. MARSHALL. England has a compulsory flour known as 85 percent extraction wheat meal. They just take off part of the feed and all bread is made up from that one kind of flour.

In Russia the local bread is made of wheat, rye, and sometimes barley, and it is a black loaf. It is their traditional national loaf. It is nothing like the British loaf in that respect.

The CHAIRMAN. What are the constituents of the black loaf?

Mr. MARSHALL. Wheat and rye principally.

The CHAIRMAN. I would suggest, Colonel Olmstead, when your remarks are returned to you, that you elaborate the statement you have just made and make it as clear as possible.

Mr. LUDLOW. This is a very large program. Do you have any anticipation that you will encounter any difficulty in the procurement to fill it?

Mr. MARSHALL. To some extent on some items, yes; but I do not think we will have as much trouble, probably, as we have had during the past year. The prospects are better.

Mr. LUDLOW. The reason that is that I note your impact on production is at a higher percentage than we have encountered generally in these various lend-lease items. You have on evaporated milk 18 percent.

The CHAIRMAN. We will take up the details later on.

Mr. LUDLOW. I understand. I wanted to get some thought on that.

Mr. MARSHALL. I think milk products are going to be difficult to acquire.

Mr. LUDLOW. It seems that there is such a heavy impact you might have some difficulty. I note your unit of presentation here is the long ton and, based on quantities which are set forth here, that would figure out 53 cents a pound for butter and 38 cents a pound for cheese. Are those normal prices in large quantities?

Mr. MARSHALL. I think so, yes.

Colonel OLMSTEAD. Including transportation and storage.

Mr. LUDLOW. There are other items that enter into that in addition to the procurement of the article itself?

Colonel OLMSTEAD. Yes. These are priced delivered shipside.

Mr. LUDLOW. Would you have any segregated figure on the cost of the butter and the cheese?

Colonel OLMSTEAD. We could get one very easily.

Mr. LUDLOW. I think that all.

(The statement requested is as follows:)

Segregated cost of butter and cheese—Shipside delivery price per pound, May 1944

Cheese:¹ American Cheddar:

Natural United States grade A (export outer packaging):	<i>Cents</i>
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Cheddars or twins-----	30. 8
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Flats-----	31. 0
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Processed (export outer packaging):	
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5-pound packages-----	33. 6
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6- to 9-pound cans-----	34. 7
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Butter:²

Prints or rolls, parchment wrapped (export outer packaging):	
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United States grade AA, 93 score-----	50. 1
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United States grade A, 92 score-----	50. 3
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Bulk (export outer packaging):	
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United States grade AA, 93 score-----	50. 1
---------------------------------------	-------

United States grade A, 92 score-----	49. 5
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Butter oil: 5-15 gallon kegs-----	71. 0
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¹ It is anticipated that there will be an increase of approximately 4 cents per pound in fiscal year 1945.

² It is anticipated that there will be a slight increase in the cost of butter in the fiscal year 1945.

The CHAIRMAN. Mr. Taber.

Mr. TABER. I do not think that you compared the figures on different feedings of these people in England or in Russia on the basis of what percentage our diet they may run up to are comparable. I think we would have to go on the basis of what these people had been used to in other days when they were running their economy along on their own hook.

Would you be able to give us any picture of that?

Colonel OLMSTEAD. The report includes that, Mr. Taber. The level is not based on an absolute comparison as to pounds consumed by the average Briton and American. It is pounds consumed now as related to pre-war consumption in both instances.

The British, as you know, eat much more of certain commodities than we do normally, and they still do.

Mr. TABER. What might be a surplus diet for us on some things would be a difficult diet for them and vice versa?

Colonel OLMSTEAD. Yes.

Mr. TABER. So we could not tell so very much about that kind of comparative figures. They are brought up to eat certain things and they do it. The Russians, I assume, are similar. Now, as to that black bread, I take it that would not set very well with a lot of our folks. On the other hand, perhaps the kind of bread we get would

not set well with them, so you could not tell very much from that kind of figure. We might feel awfully sorry for them because they had to eat the black bread, and they might get angry at us if they thought we were sorry for them because of that. I hope that some of those factors are taken into consideration when we get to figuring these things out. I do not know whether they are or not.

Colonel OLMSTED. They are in this report. This does not extend to Russia, however. We have never been able to make this sort of study in Russia.

Mr. TABER. You do not understand that they are particularly restricted on this black bread in Russia, do you?

Colonel OLMSTED. I do not really know, Mr. Taber.

Mr. COX. On your point, Mr. Taber, some of the Russian generals who have been over corroborate your point; that is, they feel when they do not have the black bread they practically have a famine. They put the black bread ahead of almost any other item in their diet just because of habit and tradition.

Mr. TABER. They are pretty well satisfied when they get it?

Mr. COX. Yes. They would rather have that than almost any other item of food.

Mr. LAMBERTSON. That is the item of food on which the Russian women take a shovel and do about as well as we do with our steam shovels.

(Discussion off the record.)

Mr. TABER. I have left my detailed questions for the time being and will ask them when we take up the table that appears on page 10. I intended to ask quite a lot of questions about that.

Mr. LAMBERTSON. With the Russian armies occupying practically all their own territory and with a wonderful reservoir of manpower such as they have behind them, it seems that we are emphasizing the food problem for Russia over the other Allies that need it much more, and do not have the production, the potential production that Russia has with her fields restored to her.

The CHAIRMAN. You have got to have a year to raise your crops, as indicated by Colonel Olmstead. When the Germans fell back, they took everything with them.

Mr. LAMBERTSON. It would not take them that long.

The CHAIRMAN. It would take only one season, but they have to have 1 year.

Mr. LAMBERTSON. A half of a year is enough for a lot of it.

Mr. COX. From all the evidence we get, they do not have the reserve of manpower that they would have in normal times. The size of their army in terms of both the fighting that has gone on and that is likely to come—

Mr. LAMBERTSON. Just with reference to what the Russian women could do as compared with our women, they do not wear pretty uniforms or work in offices, but they are on the end of a shovel over there. We do not expect that of our women, and would not expect it, but it is manpower over there. It is wonderful.

EGG, DAIRY AND MEAT PRODUCTION IN RUSSIA

Mr. TABER. This is more or less a general question: These figures with reference to the dairy products and the eggs that are set up here that are going to Russia prompt this question: What place are they

supposed to go to? Are they for general distribution among the population, or are they for distribution for hospital purposes, or something of that kind? Are you able to give us that, or is that an item that you would have to rely on the distributing agency for?

Colonel OLMSTEAD. We have to rely on the distributing agency, but at the same time we maintain a careful check on it. You will note that on page 10 under each commodity there is an indication in the lower left-hand corner of the page what it is used for.

Evaporated milk, for example, is used exclusively by the armed forces and for emergency feeding in blitzed areas. Each of the other commodities is described, covering the whole page. They go both to civilians and the armed services.

Mr. TABER. What do you know about the present war consumption of dairy products and eggs in Russia?

Colonel OLMSTEAD. Not very much.

Mr. COX. We do not know very much. Most of the supplies for Russia in dairy products are going primarily to the armed forces. As to your specific question, I do not know very much about what their pre-war standard was.

Colonel OLMSTEAD. We have what their representatives here tell us.

Mr. TABER. As long as you put it that way, tell us what they tell you. That is not anything that should be off the record, is it?

Colonel OLMSTEAD. No. There is no secret about it.

Mr. TABER. We ought to have that figure.

Colonel OLMSTEAD. The two representatives of Russia, with whom we work primarily, Mr. Groudinko and Mr. Tchegoula, indicate that immediately prior to the war, Russia had a distribution of milk and eggs, and while it was not quite up to our standards, it was much better than it had ever been before.

Mr. TABER. You mean that has been more or less a recent development prior to this present war?

Colonel OLMSTEAD. Yes; in the development of agricultural products there during the last 10 or 15 years, dairy and egg products have increased enormously, according to them. The distribution is roughly comparable to ours, but I would say that in percentage, though I do not know positively, the impression I get from them is it is around 60 to 70 percent of what we have.

Mr. TABER. Of the egg and dairy products?

Colonel OLMSTEAD. Yes.

Mr. TABER. What about meats?

Colonel OLMSTEAD. As to meats, I am told there was an enormous hog production in the Ukraine area, and that is reflected, as a matter of fact, in the program that the Russians submit to us. They like fat cuts particularly, and I think I can get information for you on the annual production of hogs in Russia and will submit it for the record, if I can. As to how much pork per capita there is, by comparison, I cannot say. Our normal hog population is around 70,000,000. If I can get their normal hog population, that will give you at least a rough basis for comparison.

(The statement requested is as follows:)

Livestock numbers in invaded or partly invaded regions and total Union of Soviet Socialist Republics in 1938

	Invaded or partly invaded regions		Total, Union of Soviet Socialist Republics
	Number	Percent of total	
	<i>Thousands</i>		<i>Thousands</i>
Horses.....	7,007.0	43.2	16,220.9
Cattle.....	20,200.0	39.7	50,920.9
Hogs.....	15,919.7	61.9	25,715.9
Sheep.....	17,122.3	29.9	57,296.3
Goats.....	1,474.9	15.9	9,298.3

Office of Foreign Agricultural Relations. Compiled from official sources.

Mr. TABER. Do they have much beef or not?

Colonel OLMSTEAD. I am sorry I do not know. They have some, but I do not know how much as compared to our supply.

Mr. TABER. Do they go in for such things as mutton?

Colonel OLMSTEAD. Yes. I understand there is a substantial production of sheep in Russia in normal times. Again, I am unable to make a comparison.

Mr. TABER. In the Ukraine, or back farther, where they would not be so much disturbed?

Colonel OLMSTEAD. From such knowledge as I have, it is in the Ukraine principally.

Mr. COX. Off the record.

(Discussion off the record.)

Colonel OLMSTEAD. Last year a certain amount of canned corned beef was supplied to the Russian Army from Argentina, and in the discussions of that the Russians stated that their armed forces had consumed that particular product for a long period of time. There is none shipped from here because we are also deficient.

RUSSIAN FOOD NEEDS

The CHAIRMAN. Colonel Olmstead, will you continue with the statement on the matter you were discussing at the time we recessed for lunch?

Colonel OLMSTEAD. I would like to insert a short statement in the record on Russian food needs.

(Information referred to follows:)

STATEMENT ON THE RUSSIAN FOOD NEED

The table above shows the livestock numbers in the Union of Soviet Socialist Republics as a whole and in the invaded regions in 1938, the last pre-war year for which such data are available. It will be noted that roughly 60 percent of the hogs, 40 percent of the cattle, and 30 percent of the sheep were in the invaded territory. Only a relatively small number of this livestock was successfully evacuated by the Russians. Thus, according to published official Soviet data the total number of evacuated livestock returned to the liberated regions by January 1, 1944, amounted to less than 700,000 head. Most of the rest was destroyed during the German occupation and retreat.

The invaded zone, which included not only the Ukraine, but other important sections of the famous black-soil belt, accounted roughly for 40 percent of the total Soviet pre-war crop acreage. But the proportion was much higher in the case of such important crops as the high-yielding winter wheat (three-fourths),

sunflower seed (about 60 percent), and sugar beets (over 80 percent). In general, the invaded zone included the most fertile regions of the Soviet Union with relatively high crop yields per acre. This area before the war not only exported surpluses abroad but also helped to feed the less fertile and more industrialized sections of the country, including the two principal cities of the Soviet Union, Moscow and Leningrad, with a combined population in 1939 of over 7,000,000 people.

Practically all of this productive land has been recaptured by the Russians but the Nazi retreat left in its wake terrible devastation: Burned villages, destroyed tractors and other farm equipment, weedy fields and the wanton slaughter of livestock referred to above. When to this is added the slaughter or mass deportation of able-bodied farmers, the great handicap under which our ally is struggling to put this fertile land back into production is obvious. But until a substantial agricultural recovery is achieved in these devastated regions, which is a difficult task under war conditions, the Soviet Union will continue to need our assistance in the matter of food supplies.

DAIRY PRODUCTS AND EGGS

The CHAIRMAN. The next item appears on page 10, dairy products and eggs, \$563,082,000. This supply consists of evaporated and condensed and powdered milk and cheese and dried whole eggs for the United Kingdom and Russia.

Mr. MARSHALL. Yes.

The CHAIRMAN. As to butter I note that the only butter that is lend-leased is to Russia, for the armed forces and principally for soldiers recuperating in hospitals.

You have here only 44,643 long tons, or 90,000,000 pounds of butter. The note here explains that it is principally for the army and the soldiers recuperating in hospitals. At that rate they must have a good many wounded soldiers to use 90,000,000 pounds of butter.

What is the per capita consumption normally of butter?

Colonel OLMSTEAD. I am unable to give you that offhand, Mr. Chairman. I would have to check up on that.

Mr. MARSHALL. Our production was about 2,000,000,000 pounds in this country.

Colonel OLMSTEAD. The normal per capita consumption in the United States is 17.5 pounds per annum.

The CHAIRMAN. Tell us something about the relative consumption in Russia and in the United States.

Colonel OLMSTEAD. With respect to butter?

The CHAIRMAN. Yes; with respect to butter, dairy products, and eggs.

Colonel OLMSTEAD. I am unable to give you the figures, but we will supply them for Russia insofar as they are available to us.

The consumption of butter and other dairy products, as well as eggs and poultry products on a per capital basis in Russia normally is less than it is in the United States. The information available to us indicates that there is today practically no civilian consumption of butter in Russia, what butter is available to Russia is made available to the armed forces, but it has been inadequate. In addition to the supply that is available to them they have asked us for 100,000,000 pounds and have assured us in writing that is strictly for military forces.

The CHAIRMAN. I do not think that any of us would begrudge the small amount of butter we are sending to Russia, to those wounded soldiers who have been to the front and have returned, what is left

of them. Certainly they are entitled to a little butter on their black bread and certainly no one would regret this amount in view of the fact that it is less than 5 percent of our total 1944 production—4.7 percent.

Mr. LUDLOW. Are we sending any margarine to Russia?

Colonel OLMSTEAD. We are sending a little.

Mr. MARSHALL. Not very much.

Mr. WIGGLESWORTH. What part of this item, if any, goes to the civilian population?

Colonel OLMSTEAD. Of butter?

Mr. WIGGLESWORTH. Yes; and all the commodities listed here.

Colonel OLMSTEAD. Our advice from the Russians is that this all goes to the Army. They have made this reservation that occasionally from the lend-lease deliveries a little is put in channels of civilian consumption, but a corresponding amount of production is taken out of civilian channels and supplied to the Army.

Mr. WIGGLESWORTH. I note that skim-milk powder you say is used for household distribution, among other things.

Colonel OLMSTEAD. Yes; for household distribution. The dry skim-milk powder refers particularly to the United Kingdom where a program has been established for the distribution of this commodity, and that is not true for the Russians, at least it is not true to the same extent; there may be some small civilian distribution.

Mr. TABER. How much did you send these people last year; do you know?

Colonel OLMSTEAD. What commodities, Mr. Taber?

Mr. TABER. Well, for instance, how much butter did you send them?

Colonel OLMSTEAD. My recollection is we sent approximately 80,000,000 pounds.

Mr. TABER. To Russia.

Colonel OLMSTEAD. Yes.

Mr. TABER. Why would that not show up in here? It does not show because the figures given here are on a calendar-year basis?

Colonel OLMSTEAD. That was on the calendar year.

Mr. TABER. And the comparable figures for the calendar year are not given?

Mr. Cox. The impact figure indicates we sent to Russia 35,535 long tons, which is approximately 80,000,000 pounds.

Mr. TABER. I guess that will all be covered in the table I asked you to furnish.

Mr. Cox. Yes; the butter that was sent to Russia will be included.

Mr. TABER. These shipments, to what extent are they reimbursable; shipments to the north African colonies?

Mr. Cox. Yes.

Mr. TABER. That part is reimbursable?

Mr. Cox. Yes.

Mr. TABER. And the part that goes to the Netherlands; is that reimbursable?

Mr. Cox. That is entirely for military forces.

Mr. TABER. How about India?

Mr. Cox. That is not reimbursable.

Mr. TABER. Is that for the military forces or what?

Mr. Cox. For the military forces entirely.

Mr. TABER. The French Colonies you spoke of, the part that went to the military.

Mr. Cox. Yes.

MEAT AND FISH

The CHAIRMAN. We will take next page 11, meat and fish, \$924,866,000. This amount seems to be about equally divided between the United Kingdom and Russia and the most of it is pork. The requirements represent about 19 percent of our estimated 1944 supply. I wish you would give us the consumption figures per capita as between the United Kingdom and the United States as they are shown in the middle column.

Colonel OLMSTEAD. I will have to look them up, Mr. Chairman. You want the per capita consumption?

The CHAIRMAN. Yes.

(Information requested follows:)

COMPARISON OF PER CAPITA CONSUMPTION OF FOOD IN UNITED STATES, CANADA, AND THE UNITED KINGDOM ¹

TABLE 1.—Estimated supplies, in pounds per capita per year, moving into civilian consumption

Item	Supplies, pre-war			Supplies, 1943 ¹			Percentage change, 1943 compared with pre-war—			Supplies in United Kingdom, 1943 as percentage of—		Supplies in Canada as percentage of United States 1943
	United States	Canada	United Kingdom	United States	Canada	United Kingdom	United States	Canada	United Kingdom	United States	Canada	
Milk and milk products, excluding butter, total milk solids (fat and non-fat).....	Lb. 55.0	Lb. 54.6	Lb. 38.3	Lb. 64.4	Lb. 64.3	Lb. 49.2	Pct. +17	Pct. +18	Pct. +28	Pct. 76	Pct. 77	Pct. 10
Meats including cured, canned, and edible offal (as carcass weight).....	134.9	120.1	136.4	141.3	134.4	107.3	+5	+12	-21	76	80	95
Poultry, game, and fish (edible weight).....	26.1	25.8	30.6	27.6	26.2	18.8	+6	+2	-39	68	72	95
Eggs (fresh equivalent).....	35.6	30.5	24.4	41.2	37.8	22.9	+16	+24	-6	56	61	92
Oils and fats (fat content).....	45.1	41.2	45.6	44.5	43.6	38.4	-1	+6	-16	86	88	98
Sugars and sirups (sugar content).....	105.3	97.0	94.5	84.0	79.1	65.0	-20	-18	-31	77	82	94
Potatoes and sweetpotatoes.....	142.7	191.7	177.0	155.1	205.1	255.8	+9	+7	+45	165	125	132
Pulses (beans, peas, and lentils) and nuts (weight without shell).....	15.8	12.6	9.5	19.3	11.7	5.6	+22	-7	-41	29	48	61
Tomatoes and citrus fruits (fresh fruit equivalent).....	88.3	51.1	46.8	103.0	61.5	23.2	+17	+20	-50	23	38	60
Other fruits and fruit products (fresh equivalent).....	151.3	79.6	93.5	104.1	72.4	52.0	-31	-9	-44	50	72	70
Leafy, green, and yellow vegetables.....	85.7	43.9	99.3	93.4	43.2	132.7	+9	-2	+34	142	307	46
Other vegetables.....	62.3	34.0	48.6	65.4	32.8	64.4	+5	-4	+33	98	196	50
Grain products.....	200.7	206.9	211.0	201.2	215.4	247.4	-----	+4	+17	123	115	107
Beverages (tea, coffee, cocoa).....	16.0	10.8	13.5	14.3	10.5	12.3	-11	-3	-9	86	117	73

¹ Taken from report of a special joint committee set up by the Combined Food Board on Food Consumption Levels in the United States, Canada, and the United Kingdom, issued April 1944.

The per capita supplies of all foods (by major commodity groups) available for civilian consumption in the United States, Canada, and the United Kingdom, expressed in terms of agreed common denominators, are shown in table 1. It will be noted from this table that for all food groups, except grain products, potatoes, and vegetables, the supply level for the United States is highest, that for Canada intermediate, but in most cases close to the United States, and that for the United Kingdom lowest. For grain products and potatoes this order is reversed, the United Kingdom being highest, Canada next, and the United States lowest. In the case of leafy, green, and yellow vegetables and other vegetables, United Kingdom supplies are greatest and Canadian very much the lowest. These facts are illustrated by chart 1. Before the war the commodity composition of the diets of the 3 countries was essentially similar, although even then some differences existed. These differences have been increased by changes necessitated by wartime conditions, changes which have been greater in the United Kingdom than in the other 2 countries. This is illustrated in chart 2 which shows that in the United Kingdom 10 of the 14 commodity groups show changes (+ or -) of more than 20 percent, from pre-war levels, as compared with 2 changes of this magnitude in the United States and 1 change in Canada. For most groups in the United States and Canada supplies are close to or rather above their pre-war level. In the United Kingdom 9 of the 14 groups show changes in downward direction, although these have been partly offset by substantially increased consumption in some groups—milk products, grains, potatoes, and vegetables. A comparison of supply levels, on a per capita basis, in 1943 and of the changes since before the war, for the main food groups, is as follows:

Milk and milk products.—Each country shows a substantial increase in the consumption of milk and milk products, although that for the United Kingdom is noticeably the greatest. As the United States and Canada had appreciably greater pre-war supplies however, the United Kingdom level for 1943 remains nearly 25 percent lower than those of the other two countries.

Meat, poultry and fish, and eggs.—For each of these groups—which are known as entree foods—both the United States and Canada show increases, and the United Kingdom shows a decrease. For the first two groups, the United Kingdom pre-war supplies were higher than for either of the other countries, but in 1943 they were noticeably lower.

Oils and fats.—The supply levels of oils and fats in the United States and Canada have been approximately maintained. Before the war the United Kingdom had the largest supply by a slight margin. However, a 16-percent decline during the war has brought the United Kingdom supply below those of the other two countries.

Sugars and sirups.—All three countries have suffered a considerable reduction in supplies of sugars and sirups. This reduction amounts to about 30 percent in the United Kingdom and about 20 percent in the other two countries.

Potatoes.—Consumption of potatoes in the United Kingdom has increased by nearly 50 percent to about 65 percent above the United States and 25 percent above the Canadian levels; consumption levels in the other two countries have increased by less than 10 percent.

Tomatoes and citrus fruits.—Before the war, the consumption of tomatoes and citrus fruits in the United States was highest and consumption in the United Kingdom lowest. In 1943 the relative positions remained the same but the differences were made more pronounced by a 50 percent drop in the United Kingdom level and a 16-percent increase in that of the United States. Canadian supplies were little changed.

Other fruits and fruit products.—Declines in available quantities of other fruits and fruit products are shown for all three countries, with the most significant decreases occurring in the United Kingdom and the United States. The Canadian pre-war level was lower than pre-war levels in the other countries and in 1943 it was still appreciably below the United States level, although well above the United Kingdom level.

Leafy, green, and yellow vegetables.—In the United Kingdom supplies of these vegetables have increased by about one-third to about 42 percent of above those of the United States and some three times above the Canadian level.

Other vegetables.—For this group, United Kingdom supplies have risen by about one-third to approximately the level of supplies in the United States and double the Canadian level.

PER CAPITA CONSUMPTION OF MEAT IN THE UNITED STATES

The CHAIRMAN. The note states that the per capita consumption in the United States at the present time is 144 pounds. I thought I saw somewhere a statement indicating that we had stepped up the consumption to about 154 pounds of meat, in the United States.

Colonel OLMSTEAD. In the first quarter of the calendar year 1944 supply estimates were made as to what would be produced in the country and allocations were based on that and that provided a smaller figure for our consumption.

The actual production turned out to be much larger, and an additional 500,000,000 pounds was allocated for civilian consumption, and because there was production in excess of demand over these programs, and the Army when those allocations were met, we stepped up the average civilian consumption and were enabled to take off rationing.

The CHAIRMAN. What is the largest figure you have on per capita consumption of meat in the United States?

Mr. Cox. I have some figures available. For 1943 the per capita consumption in the United Kingdom was 107.3 pounds per annum; 1943, in the United States it was 141.3 pounds per annum.

The CHAIRMAN. I see the note here states that it was 144 pounds in 1943, but I have received information elsewhere—I cannot recall where it was, and it may be I am in error as to the amount—but it is my recollection that it was larger than that; that the 1944 consumption of meat was higher than that.

Mr. Cox. Yes.

Colonel OLMSTEAD. It is.

The CHAIRMAN. How much is it estimated to be?

Colonel OLMSTEAD. In the first quarter of the year, which is the only quarter for which we have figures, it will run about four and a half pounds ahead of last year.

The CHAIRMAN. Which would make it about 147 to 147½ pounds?

Colonel OLMSTEAD. That would be for one quarter, and four times that would be roughly 15 to 16 pounds more.

The CHAIRMAN. Yes.

Colonel OLMSTEAD. For the year, if production keeps up, but we have expected for some time a decline in the hog run. It has not come as yet; we are still expecting it.

The CHAIRMAN. Just a rough estimate for the year you would say would be at least 10 pounds more?

Colonel OLMSTEAD. Based upon present indications, yes.

The CHAIRMAN. At the present rate it would be between 16 and 18 pounds?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. We can safely estimate it to be at least 10 pounds?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. Is that the largest per capita consumption in our history?

Colonel OLMSTEAD. I believe it is, Mr. Chairman.

The CHAIRMAN. In other words, instead of our engaging in great privation in the matter of consumption in the United States we are consuming more meat than we have ever consumed before?

Colonel OLMSTEAD. That is correct. As a matter of fact, that is true of our whole food program in general. Our food production is running somewhere around 128 percent of the normal production immediately preceding the war and we are only shipping abroad and to our own army 25 percent, which would leave us something above normal to supply the civilians of the United States.

Mr. WOODRUM. That is an interesting statement.

The CHAIRMAN. I notice that the annual statistics, per capita, in the United Kingdom was larger than in the United States prior to the war. In the United Kingdom, prior to the war, it was 136.4, which has now dropped to 107.3; whereas in the United States our pre-war consumption was 135 pounds, or about 1½ pounds less in the United States than in England.

Colonel OLMSTEAD. Yes.

Mr. COX. You may be interested that the percentage figures comparing the pre-war consumption in the United States with the United Kingdom show plus 5 percent in 1943, whereas the pre-war in the United Kingdom compares with a minus 21 percent; in other words, a 21 percent decrease in the per capita consumption of meat in England compared with a 5 percent increase in the United States for 1943, comparing the pre-war years.

The CHAIRMAN. This is also significant that practically all of England's meat was imported and practically all of our meat was home produced.

Mr. TABER. Referring to the British as beef eaters, they seem to have blossomed into pork eaters, according to this set-up.

Colonel OLMSTEAD. That is a matter of necessity.

Mr. TABER. Not a matter of pleasure?

Colonel OLMSTEAD. No.

VARIANCE IN QUANTITY OF MEAT SUPPLIED TO GREAT BRITAIN AND RUSSIA

Mr. LUDLOW. The Chairman stated, as I recall, that the two amounts are comparable that are going to the United Kingdom and to Russia, comparing the dollar volume, but there is a tremendous difference in the quantity; 401,786 long tons going to the Soviet Union and 748,480 long tons going to the United Kingdom, or almost double. What is the explanation for the dollar volume being almost the same but the quantity so much greater to the United Kingdom?

Colonel OLMSTEAD. The varieties that are taken by the respective claimants. Then, the Russians have never asked for meat as such; we send a log of frozen meats to the United Kingdom. The Russians want canned meat, fatbacks, and port.

Mr. LUDLOW. That is the explanation, the cheaper products?

Colonel OLMSTEAD. Yes.

Mr. TABER. Why cannot the Russians take the cheaper products just as well as the British?

Colonel OLMSTEAD. They do.

Mr. LUDLOW. That is what he just stated.

Mr. TABER. You have got a cheap product on the line for the British, according to my figures.

Mr. LUDLOW. But look at the difference in quantity.

Mr. TABER. The quantity for the British is bigger.

The CHAIRMAN. Canned meats go to Russia?

Colonel OLMSTEAD. Canned meats.

Mr. TABER. And frozen meats will not go to Russia?

Colonel OLMSTEAD. Because they have no refrigeration. May I point out too, Mr. Taber, that whereas we are sending them canned meat, 1 ton of canned meat is equal to 1.51 tons in carcass weight equivalent.

Mr. TABER. Yes.

Colonel OLMSTEAD. Consequently the canned meat in terms of tons represents a greater cost; that is due to the fact that it is more concentrated.

Mr. TABER. It is boneless.

Colonel OLMSTEAD. Boneless; yes.

Mr. TABER. Without the hides and all that sort of thing?

Colonel OLMSTEAD. Yes. For Britain we just cut a hog in half and freeze it and send it to them.

RELIEF PURPOSES

Mr. TABER. How much of this food program is used for so-called relief purposes such as in north Africa or Italy or anything of that kind?

Colonel OLMSTEAD. There is not any of it in here that is used for relief purposes.

Mr. TABER. None at all?

Colonel OLMSTEAD. Not at all.

Mr. TABER. How about French North Africa?

Mr. COX. What we have supplied to the civilians is on a reimbursable basis. It is not under straight lend-lease.

Mr. TABER. What about Greece?

Mr. COX. Greece is not a liberated area as yet.

Mr. TABER. It goes through the Red Cross?

Mr. COX. Yes.

PRICES PAID FOR MEAT PRODUCTS

Mr. TABER. How about the prices on this stuff; are the same prices paid that are paid for food that goes into the channels of trade, or are they higher or lower?

Colonel OLMSTEAD. They are exactly the same or lower. We have had very definite experience in prices, particularly of meat products. When there is a shortage and you try to force people to sell to the Government—you cannot very well, in fair play, force them to sell for less than they can get from civilian consumers. In other words, if there is an adequate supply we buy in the open market and we are able to buy for less than the civilians can buy.

Mr. TABER. How would you do that?

Colonel OLMSTEAD. Well, suppose a producer wants to sell and he offers it to us and we reject it, then we suggest he offer it for a lower price. For example, I just noticed this morning that we were buying a Russian type of canned meat, Tushonka, which we were buying at \$5 a hundred below or 4 cents a pound below the ceiling.

Mr. TABER. What form of meat is that?

Colonel OLMSTEAD. It is pieces of pork put into cans with lard filler and a bay leaf. The Russians like it.

The CHAIRMAN. It is precooked?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. And ready for consumption?

Colonel OLMSTEAD. Yes; they eat the lard with it.

Mr. TABER. They spread lard on their bread?

The CHAIRMAN. The northern folks eat a great deal of fats?

Colonel OLMSTEAD. Yes.

Mr. TABER. They like pork fat, if anything, better than butter, do they not?

Colonel OLMSTEAD. I do not know that they like it as well as butter. There is a saying in the Ukraine that when a peasant was asked what he would do if he were the czar he replied that if he was a czar he would eat sandwiches of fatbaek between two pieces of fat-baek. They seem to like pork fat.

Mr. WIGGLESWORTH. Your proecessed pork is certainly larger for civilian distribution than for all of the United Kingdom.

Colonel OLMSTEAD. Yes.

Mr. WIGGLESWORTH. Perhaps it is in the record already but if it is not, what is the percentage of food consumption in the United Kingdom represented in what we will supply, in the estimate before us?

Colonel OLMSTEAD. This covers the last figures I have. The last figure I saw showed the supply about one-fourth in terms of nutritive value in tonnage around 8 to 10 percent.

The CHAIRMAN. I believe that is in the record.

Mr. TABER. So in meat products and dairy products we are going further than those figures?

Colonel OLMSTEAD. Yes; we are. I cannot offhand give you the percentages of the total meat consumption we are supplying but I would estimate around 30 percent.

Mr. WIGGLESWORTH. That is a smaller percentage than a year ago, as I remember.

Colonel OLMSTEAD. Yes. The British are getting, as you know, a lot of meat from the Argentine and the Southern Dominions the quantity they get from the latter source varies inversely to the taking of that supply for the United States Army in the Pacific. As our Army takes more we increase the allocations from the United States to Britain [indicating].

ICELAND FISH

Mr. TABER. Do not the British get all the fish they want out of Iceland?

Colonel OLMSTEAD. They get all the fish that are available in Iceland, not all they want.

Mr. TABER. It is not all they want?

Colonel OLMSTEAD. No.

Mr. TABER. Where did they used to get their fish in the old days?

Colonel OLMSTEAD. Well, they got some from Iceland, some from Norway, and they did some fishing themselves.

Mr. TABER. They are still doing it, are they not?

Colonel OLMSTEAD. I understand they are not doing much fishing around the British Isles since the war has been on; it would be a fairly dangerous occupation.

Mr. TABER. Do we make any contribution toward providing the fish from Iceland?

Mr. Cox. We do not now. You will recall that we entered into a triparty agreement, the United States, Great Britain, and Iceland, under which we paid dollars and Great Britain paid sterling, but we are now making no contributions.

Mr. TABER. We are not involved in that any more?

Mr. Cox. Except that we are a party to the contract, but we do not pay.

Mr. TABER. I never heard of such a thing.

Mr. Cox. The reason for the United States being a party to the contract is that when in 1941 we were invited into Iceland, the President made certain commitments to help keep up the economy, and our portion is fulfilled by being a party to the contract.

The CHAIRMAN. That was all testified to before this committee?

Mr. TABER. About 2 years ago we had that up, but at that time I believe we were paying something.

Mr. Cox. Yes; we were making partial payments in dollars and the British were paying in sterling, and between that time and now a new contract was entered into, rather, after the first of 1944, under which the British are making all the payments.

FRUITS AND VEGETABLES

The CHAIRMAN. Fruits and vegetables, pages 12 and 13, \$289,-315,000. Will you give us a statement on this.

Colonel OLMSTEAD. These estimates for fruits and vegetables have been very carefully screened, Mr. Chairman. Considered in terms of the needs they are great. They are relatively small in relation to our supply, with one exception, that of dehydrated foods, that is, the percentage of dehydrated foods to the total production, 13, 14, or 15 percent.

The CHAIRMAN. That is also true of dried fruits?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. In fact everything canned or dehydrated and dried.

Colonel OLMSTEAD. About 21 percent of the dried fruits and 14 percent of the dehydrated vegetables will be taken but only 2 or 3 percent of the canned fruits and vegetables will be taken.

The CHAIRMAN. These impact figures on page 13 are rather inaccurate, in view of the fact that all of these fruits and vegetables are especially processed for export and would not be so processed and packed if they were intended for home consumption. So that this is not a very accurate percentage. I wonder if you have figures of impact based upon production before processing, as related to lend-lease.

Colonel OLMSTEAD. We could prepare an estimate of that. You will notice the footnote under the impact table, "In terms of total food (processed plus unprocessed) the impact is very much lower."

I imagine it would be less than 1 percent in all cases and probably less than one-tenth of 1 percent in most cases. We can prepare such an impact table especially, if you wish.

The CHAIRMAN. We would be glad if you would supplement your statement with that information.

(The information requested is as follows:)

Fruit and vegetable impact

[Long tons]

	Farm weight equivalent						Dried beans and peas (cleaned basis)
	Dried fruits	Canned fruits	Total fruits	Canned vegetables	Dehydrated vegetables, onions, and tomato powder	All vegetables, excluding dried peas and beans	
1944-45 Budget estimate.....	616,741	62,902	679,643	120,907	216,113	337,020	395,000
1944-45 estimated supply.....			14,370,300			19,869,112	2,625,000
Lend-lease percent.....			4.7			1.7	15.0
1943 lend-lease exports.....	589,420	141,696	731,116	52,317	167,445	219,762	197,000
1943-44 supply.....			13,212,200			20,296,643	1,802,700
1943 lend-lease percent.....			5.5			1.1	10.5

Mr. TABER. You are increasing the quantities of a great many of these things that you are going to send over. There is one small item that shows a decrease, but most of them show a marked increase. Do you have information to indicate that the quantities of these items will be available that are indicated here?

Colonel OLMSTEAD. Yes, sir; in most of these commodities; all of these allocations, or tentative allocations, are based on production estimates that are gathered from all parts of the Department of Agriculture.

Mr. TABER. You are planning an increase of 50 percent in dried beans and peas, distribution under lend-lease.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. It is really more than 50 percent, pretty nearly 100 percent. Are you going to have production that will cover that?

Colonel OLMSTEAD. Last year we deliberately held down on exports of beans and peas, because, as you recall, they were short in the United States relatively, and for a while they were on the ration.

Mr. TABER. Are they short now?

Colonel OLMSTEAD. No, sir; they are not short now. There is a heavy production. We have a support price on the commodity, and to be really candid about it, we are quite thankful to have an outlet for some of them.

Mr. TABER. On the dehydrated things you have a very substantial increase in production set-up, with a substantial increase in the proposed shipments.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. Do you really expect to meet that, too?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. Do you expect to see the production of these vegetables up enough to cover the shipments?

Colonel OLMSTEAD. Yes, we do, Mr. Taber. One of the principal problems we have this year is production exceeding these estimates so far.

Mr. TABER. Do you say exceeding?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. You have a lower estimate on canned vegetables. What does that mean? Does that mean that they are shifting it into dehydrated stuff, or what?

Colonel OLMSTEAD. The estimate of production is somewhat smaller of canned vegetables this year than it was last year, but the Budget estimate, the proposed program, is somewhat higher.

Mr. TABER. It is double, is it not?

Colonel OLMSTEAD. Yes, sir. The reason for that is increase in service requirements.

Mr. TABER. You mean military service requirements?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. Do these things go mostly to the civilian or the military population?

Colonel OLMSTEAD. Canned vegetables, canned fruits, go to the military services, I believe, without any large exceptions. The dehydrated vegetables are distributed to the military services. Dried fruits go to both. Dried beans and peas go to both.

Mr. TABER. Dried beans and peas do not run large enough as an item in the proposed production to be a serious drain on the United States program. It looks as though you were figuring that the United States would eat a lot more beans.

Colonel OLMSTEAD. That is right. After the lend-lease export is taken out, you will see that there are about 2,200,000 long tons available as compared with 1,800,000 last year.

Mr. LUDLOW. I note that you have 15,000 tons of concentrated orange juice at a cost of \$21,105,000. That is for distribution to poor people, or to children?

Colonel OLMSTEAD. To children.

Mr. LUDLOW. Free distribution to poor people?

Colonel OLMSTEAD. Yes, sir; in the United Kingdom. That is, to poor children.

Mr. LUDLOW. It is intended entirely for distribution to the children?

Colonel OLMSTEAD. Yes, sir.

Mr. WIGGLESWORTH. Are the French colony items reimbursable?

Mr. Cox. For civilian purposes; yes.

GRAIN AND CEREAL PRODUCTS

SHIPMENT OF WHEAT TO RUSSIA

The CHAIRMAN. We will take up grain and cereal products, to be found on pages 14 and 15, the amount involved being \$180,699,910. Your notes on page 15 are quite full and the impact on our own supply of this export is a very low percentage, less than 1 percent in the case of barley, barley products, oats and oat products, and only 1½ percent on soybean products, and 5 percent on rice and rice products.

Is there any special statement that should be made relative to this category?

Colonel OLMSTEAD. I think not, Mr. Chairman. I believe everything we could say is contained in these notes. We are being very careful, I think it worth while to point out, with respect to our cereal supply, particularly wheat, because of the United States' position with respect to wheat.

The CHAIRMAN. It is somewhat surprising to note that most of this goes to Russia, a great grain-exporting country prior to the war. I take it for granted that their grain supply has been greatly shortened ever since German occupation of the Ukraine.

Colonel OLMSTEAD. Yes, that is right. I have seen figures indicating that they had lost as much as 75 percent of their grain production when the war with Germany began. Incidentally, the United Kingdom gets lots of wheat from Canada. Both Canada and the United States, under the protocol, supply wheat and wheat products to Russia.

The CHAIRMAN. As to Russia, most of their lend-lease grain is wheat and wheat products?

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. And the Ukraine is one of the great wheat baskets of the world. Most of the British supply of grains comes from Canada and South America?

Colonel OLMSTEAD. From Canada mainly. Only a small trickle from South America, the Argentine, because it is an uneconomical shipping route.

The CHAIRMAN. Does this category represent a decrease in our previous lend-lease exports under this group of commodities?

Colonel OLMSTEAD. Next year it is estimated we will export 1,268,160 long tons to the U. S. S. R.

The CHAIRMAN. The trend is in what direction?

Mr. TABER. That is not the figure that is given on this impact sheet, is it? It shows here 1,543,000 on this impact sheet. I do not understand that.

Colonel OLMSTEAD. The total I have here is 1,486,370.

Mr. TABER. What page is that?

Colonel OLMSTEAD. Page 15.

Mr. TABER. The figure on page 15 that I have is 1,543,000.

Mr. COX. That is right.

Mr. SPENCE. That is computed in whole-grain equivalent. Very largely flour will be shipped. Flour is about a 73 percent extraction and this is computed back to the whole-grain equivalent. Actually 27 percent is bran and middlings which we use for livestock feed here. There is a note right under there explaining that. I admit that that looks a little confusing, but that is the explanation of it.

Mr. TABER. How do you get the figure of 49,000,000 tons as the estimated supply of wheat?

Colonel OLMSTEAD. The estimated supply is what will be available in the United States as a result of this crop year plus what we get from Canada. And that is converted from bushels into tonnage.

Mr. TABER. And that means how many bushels?

Colonel OLMSTEAD. As I recall, there are 37 bushels to the long ton.

Mr. TABER. That means pretty nearly 1,500,000,000 bushels?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. And what does that figure represent?

Colonel OLMSTEAD. That is this year's production plus stocks. We always have a carry-over of a pretty substantial size.

The CHAIRMAN. And how much from Canada?

Colonel OLMSTEAD. As I recall, 170,000,000 bushels from Canada.

Mr. LUDLOW. I notice that we are sending spaghetti to the Greeks; that is through the Red Cross?

Colonel OLMSTEAD. Yes. Everything we send to the Greeks is through the Red Cross.

Mr. LUDLOW. Four thousand long tons.

SUGAR, CHOCOLATE, AND SACCHARIN PRODUCTS

The CHAIRMAN. We will take up the item for sugar, chocolate, and saccharin products, on page 16, \$82,143,600. This is principally in refined sugar for the Russian armed forces.

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. Most of this sugar is purchased in the Caribbean area and shipped direct, is it?

Colonel OLMSTEAD. Most of it is purchased in that area; some on the Pacific coast. Of course, we ship some beet sugar from the Pacific coast.

The CHAIRMAN. As a matter of fact, we do not produce enough for our own consumption. We have to import sugar.

Colonel OLMSTEAD. That is right. We buy the total crop from Cuba. But then, when we ship to Europe, we ship from the nearest port. So that, when shipping from the west coast, we sometimes get beet sugar.

I should like to say this. There is a little bit more in this than refined sugar. A lot of it is cube sugar especially requested for the Russian Army.

The CHAIRMAN. For what reason?

Colonel OLMSTEAD. We raised the same question. They came in and asked for cube sugar and we resisted it at great length and cabled the Ambassador. It seems that the Russian Army, for many, many years, has had the habit, in the wintertime, of stopping about once an hour or so and drinking a cup of boiling hot tea. The way they drink it is to put a cube of sugar between their teeth and suck the tea through it. I cannot tell you why, but that is the way they do it. And because we have been advised that that has a little bit to do with the way that Army moves around in the wintertime, we have gone ahead and gotten cube sugar for them.

The CHAIRMAN. That is almost the English custom, with the exception of the way they use the sugar.

Colonel OLMSTEAD. I think they put it in and stir it with a spoon.

The CHAIRMAN. Does Russia normally produce sugar? Where does she get her sugar normally?

Colonel OLMSTEAD. Before the war Russia was among the minor sugar exporting countries. But her sugar-beet growing and manufacturing industry was concentrated perhaps more than any other branch of food production in the invaded zone. The provinces of Vinnitza, Kiev, Kharkov, and Poltava in the Ukraine, and Kursk and Voronezh in the central black soil area—all names with which the war has made us familiar—were the principal producing regions. Ukraine alone accounted in 1937 for three-fourths.

The CHAIRMAN. These two items, saccharin and chocolate, intrigue me as to their lend-lease value. I see that the saccharin is for use of the armed forces in India, and the chocolate is for naval vessels of the United Nations putting in at our ports, and the quantities are not large relatively speaking.

Why is it required in India?

Colonel OLMSTEAD. I cannot tell you, Mr. Chairman, except that apparently there is no other source.

The CHAIRMAN. There is no other distribution?

Colonel OLMSTEAD. No. I think they can get saccharin from other points. Shipping-wise there are a number of items for the British services, chocolate, for example, being one of them, and it looks a little bit ridiculous on its face for us to be buying cocoa beans from British-controlled territory in Africa and bringing them over here and then reexporting chocolate to the British Army. The reason we do that is that the British supply the United States Army with chocolate in the United Kingdom, and the only shipping route there is available to these particular services is from here, and it being a very small quantity, we just supply it.

The CHAIRMAN. I see that you note here that it is for revictualing admiralty vessels, British Navy vessels putting into United States ports. We help provision them and supply the chocolate ration?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. Of course, in the case of saccharin, sweetness does not indicate nutriment necessarily. But the same amount of sweetness could be compressed in much less saccharin than in sugar. It is possible that transportation is a factor there?

Colonel OLMSTEAD. I think it is essentially a medical problem depending on climatic conditions in India.

The CHAIRMAN. Does it have anything to do with the treatment of kidney diseases?

Mr. COX. I do not know enough about medicine to know whether it is specifically that. There is a footnote there on chocolate. This is only being used for British naval vessels. In addition to that, the cocoa or chocolate which is made available to our forces is under reverse lend-lease. Since last summer the importation of cocoa to the United States from the British colonies is under reverse lend-lease in addition to the stuff supplied to our armed forces.

Mr. TABER. Are not the Russians able to meet some of their sugar requirements from their own production this year?

Colonel OLMSTEAD. They do, Mr. Taber, get some of it. They will meet more this year of their own domestic requirements than they did last year. But we have been unable to fill their requirements. They have been simply short of sugar even for the Army. They asked for 390,000 long tons last year, and we gave them 190,000 out of the United States. The rest of it we underwrite from offshore points, because there apparently is no other way for the Russians to get it.

Mr. TABER. In connection with wheat production and that sort of thing, ought not they to be somewhere near producing something along that line?

Colonel OLMSTEAD. I would think that during the course of this year the Russians will produce more for themselves than they have produced before. But I do not think we could reasonably expect, in a completely devastated area, to get back to anything like normal production the first crop season.

Mr. TABER. They have been a surplus producer of most agricultural products. They did not import any meat or wheat in their normal operations, did they?

Colonel OLMSTEAD. I cannot answer that categorically, Mr. Taber. I am reasonably sure they did not import any wheat. I am not so sure they did not import some meat.

Mr. TABER. Not any substantial amount.

Colonel OLMSTEAD. I doubt very much that it was a substantial amount.

Mr. TABER. They were an exporter of wheat, I know.

Colonel OLMSTEAD. I have here a table—it is an old one, but I am going to submit it in response to questions you asked this morning—which shows that Russia lost, when the Ukraine was occupied, according to the best information we could get, 79 percent of their winter wheat, 11 percent of her spring wheat, 31 percent of their rye, 54 percent of their vegetable oil, 56 percent of their hogs, 70 percent of their corn, 85 percent of their sugar beets, 43 percent of their potatoes, and 35 percent of their cattle.

Depending on the production cycle of each of those commodities, they will get back into production. As a matter of fact, the Russians have put more pressure on us for seeds to get back to production than they have on any other single thing.

Mr. TABER. They ought to get back on potatoes and vegetables.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. So that they would be pretty nearly independent this year on those things.

Colonel OLMSTEAD. I think you have to consider that in the light of how badly off they were last year. Maybe they can get back with what we are able to give them, to something more nearly like a normal diet. But certainly they could not have gone on in terms of diet and dieting conditions under which they endured last year.

Mr. LUDLOW. Do you know how much area Germany still has in Russia?

Colonel OLMSTEAD. No, sir; I do not.

Mr. Cox. Very little. They have just about recaptured everything up to the 1939 border.

Mr. TABER. And they are into Poland.

Mr. Cox. They are into pre-war Poland and parts of Roumania.

LARDS, FATS, AND OILS

The CHAIRMAN. We will take up lards, fats, and oils, shown on page 17, the amount involved being \$411,265,000. This includes margarines, but not butter, and also soap. These data you give at the bottom of the page are very pertinent, and I wish you would include that in the record, if you will, eliminating whatever you think should be left out. About three-fourths of this goes to Russia, where you say the food situation is critical. Again, this does not seem to jibe with the Gilmore Associated Press article referred to, and I suppose you will discuss that in the report that will be submitted.

Colonel OLMSTEAD. Yes, sir. One of the members this morning, earlier in the hearing, asked about margarine. I would like to say, if I may, that we had a very difficult time getting the Russians to take any margarine at all. After considerable investigation we found that it was because some low-grade margarine had been merchandised privately prior to Russia's entry into the war. Their experience with it had been very sad, and, plead as we might, they simply refused to take it. After we convinced the people here and finally they convinced the people at home by sending samples, that we have a reasonably good margarine, they began to take it in fairly substantial quantities.

Mr. TABER. You have to load your margarine up with vitamins before you ship it to Russia.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. That is one of the requirements.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. For their taking it.

Colonel OLMSTEAD. Yes, sir.

SOAP SUPPLY

The CHAIRMAN. I notice that your soap goes entirely to the Russian Army.

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. Referring to this Gilmore article, a statement was made concerning soap which we will not discuss on the record at this time, but what is the situation in Europe as to their ability to secure soap?

Colonel OLMSTEAD. Of course, there is no accurate information on Europe, Mr. Chairman. But there are some pretty good scientific guesses. In any war zone normally they are short first of fats and oils, because it is one of the more complicated and high-cost items to produce. Soap has to come out of fats and oils, and that being short in the first instance, they do not have enough to meet their edible needs, either, and consequently they are unable to get anything with which to make soap.

In dealing with this picture to a certain extent, we have to look at edible, inedible, and byproduct fats and oils as interchangeable. Where you have an over-all shortage, as in Europe, particularly in Russia, and an even more severe shortage in Europe itself—although I do not think any of us can say for sure—this becomes a very important item.

The CHAIRMAN. I remember it was said by American soldiers returning from Germany, who were with the Army of Occupation, that the surest way to the favor of a German housewife was to give her either a cake of soap or a cake of chocolate. What is the situation in England at this time so far as soap is concerned?

Colonel OLMSTEAD. England is rationed on soap. As you know, the United States has not rationed soap and the Government is trying very hard to avoid rationing soap, because it is a tremendously difficult problem.

The CHAIRMAN. Has there been any deterioration in the quality of the soap sold in the United States?

Colonel OLMSTEAD. I have not heard of any.

The CHAIRMAN. I have noticed a change in the size of the cake of soap. It is smaller. And I have been told that there is less borax in certain species of soap in which borax was an ingredient. Is that true?

Colonel OLMSTEAD. With respect to that which is purchased for the Army and other governmental uses, it is purchased on Bureau of Standard specifications.

The CHAIRMAN. It must come up to specifications?

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. What about soap in the general trade channels?

Colonel OLMSTEAD. That would be a problem that would be under regulation by the O. P. A. in connection with price ceilings.

The CHAIRMAN. Are we getting the same quality of soap as we did before the war?

Colonel OLMSTEAD. I have noticed a difference only as a matter of personal experience. I have not gone into it scientifically.

The CHAIRMAN. You do not know what elements are missing?

Mr. MARSHALL. Rosin has been added to some soap as a filler.

The CHAIRMAN. There was some apprehension, in the beginning of the war, that soap might be rationed here. But I suppose all prospect of that has been dispelled?

Colonel OLMSTEAD. For the present at least there is enough oil to make soap. In the Combined Food Board we have been attempting to drive a fairly good bargain with the British to get more of the hard oils into the United States. The hard oils are primarily the ones needed for soap. And in return for that we supply the British with lard for edible purposes.

PORK PRODUCTION

The CHAIRMAN. There has been some question in the United States about the economy of feeding corn to hogs to produce lard which is to be used in the manufacture of soap. Prime lard is being turned over to soap makers, is it?

Colonel OLMSTEAD. Some prime steam lard is being turned over to soap makers. The reason for that is that production desires cannot always be hit right on the nose. We have got less of some things we would like to have, such as tallow, and more than we really need immediately of some other things, such as lard. And to remedy the situation we put the lard into soap and do without the tallow.

Mr. TABER. Our lard exports are a very large percentage of our production and represent a decidedly increasing item; is that not correct?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. Do you think your ideas on the size of the 1944 production are anywhere near correct? Do you expect pork production to hold up through the year 1944?

Colonel OLMSTEAD. Usually, Mr. Taber, I think that when you have a long supply of an agricultural commodity, the tendency is to underestimate it. When you have a short supply, the tendency is to overestimate it. Mr. Chester Davis, in testifying before this committee last year, stated that we are going to have a very difficult time handling hog population. He pointed out that with a normal hog population of 70,000,000, we then had 125,000,000. Now, the lard in relation to the hog is being borne out right here.

The CHAIRMAN. We are producing more here. We produced last year, 1,337,000 long tons, and this year are producing 1,474,000 long tons.

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. An increase of approximately 4 percent.

Colonel OLMSTEAD. Yes, sir. In my opinion, if that is wrong—and most estimates are wrong—it is wrong on the short side in addition to that.

The CHAIRMAN. The chances are that it is more than 4 percent rather than 4 percent?

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. Do you not figure that the hog population will be reduced quite considerably as a result of the corn situation?

Colonel OLMSTEAD. The present indications are, Mr. Taber, that it is being reduced.

Mr. TABER. And quite rapidly, too; is that correct?

Colonel OLMSTEAD. Well, that, of course, is a matter of opinion.

Mr. TABER. There are not so many spring pigs being raised in most places.

Colonel OLMSTEAD. The Agricultural Adjustment Agency reports that spring pigs are about up to production goals, but slightly under last year.

Mr. TABER. Slightly under last year?

Colonel OLMSTEAD. Yes, sir.

The CHAIRMAN. I should like to correct my recent observation; the increase in lend-lease is 4 percent and the increase in production is approximately 10 percent.

Colonel OLMSTEAD. Yes, sir.

Mr. TABER. The increase in lend-lease is 4 percent of the total, but it is almost 18 percent of the last-year figure.

The CHAIRMAN. Do you mean production?

Mr. TABER. No; lend-lease exports are 393,000 tons, which is 33 percent of the 1943 exports, and the increase percentagewise, while it is 4 percent of the total, is an increase over the last year's percentage of about 18 percent.

Colonel OLMSTEAD. Yes, sir.

LARD FAT CUT COSTS

Mr. TABER. The volume going to Russia is about 50 percent more than the volume going to Great Britain of lard, and that group. On the other hand, the cost is about 64 percent more, nearer 70 percent.

Colonel OLMSTEAD. I think you might find that difference in such items as canned margarine.

Mr. TABER. I am just looking at the top schedule.

Colonel OLMSTEAD. I see.

Mr. TABER. Your price schedule goes up 100 percent while your volume schedule goes up about 60 percent. That is the thing to which I was calling attention. Why should that be?

Colonel OLMSTEAD. It would only be on the basis of the cost of the commodities—fat cuts and lard—in those lines that are going to Russia.

Mr. TABER. Do these fat cuts cost more than the straight lard?

Colonel OLMSTEAD. Yes.

Mr. TABER. Why should they run \$50,000,000 more for the same quantity? You have the same quantity, practically, of lard and compounds, and of lard fat cuts, and you have \$50,000,000 more in the price.

Colonel OLMSTEAD. I am afraid I will have to do a little figuring on that, Mr. Taber. Just off the cuff I cannot explain the difference.

Mr. TABER. This is the thing that I am asking you about. Lard fat cuts, 178,000 tons, you have down here for \$120,000,000.

Colonel OLMSTEAD. Yes.

Mr. TABER. But lards and compounds, up above, for the same quantity, within 29 tons, which would not amount to anything on

your figures, is \$72,000,000, or \$50,000,000 difference. Why should there be that much difference in the price on those two items?

Colonel OLMSTEAD. I appreciate your elaborating your question, because I was a little confused. The preparation of a fat cut—that is a fat-back piece of meat; the salting of it and the curing of it and the boxing of it and the transportation of it make up the difference.

Mr. TABER. Is that what you call salt pork?

Colonel OLMSTEAD. Yes, sir. They take these cuts of meat—

Mr. TABER. I know how they do it.

Colonel OLMSTEAD. They have to have a special kind of boxing for shipping purposes. Usually they require greater transportation and storage changes than lard. This is the first time I observed the figure and it does look a little strange, too, that there is that amount of difference.

Mr. TABER. If that is what it is, I think I can understand it; if that means salt pork.

Colonel OLMSTEAD. I can trace this estimate down.

Mr. TABER. I think I understand it, if that is what it is. I would expect the difference, then.

COST OF MARGARINE

Here is another item, margarine. There is a 10-percent difference in the cost between the temperate climate and the hot climate items.

Colonel OLMSTEAD. Not quite, is it?

Mr. TABER. Well, it is a little more; one million two is a little more than 10 percent of ten million eight. That would mean quite a large difference.

Colonel OLMSTEAD. The hot climate margarine is prepared to go through the Persian Gulf, where it has to travel through temperatures of around 130. The question is, Do you get the margarine there or not? It costs us a little more to get it hydrogenated, so it will go through that hot climate.

(Statement off the record.)

Mr. TABER. If you had another route to Russia, through the Bosphorus, that would simplify your problem considerably?

Colonel OLMSTEAD. Yes.

Mr. TABER. No one has any idea whether that will come or not?

Colonel OLMSTEAD. The chances are we would still have to have special packages because it is not exactly cool in the Mediterranean.

VITAMINS

The CHAIRMAN. The first item you have here is vitamin A. It is said that it is used to fortify the margarine and other edible fats. It is my understanding that margarine supplemented with vitamin A insures accurate sight. Without it aviators are at a great disadvantage.

Colonel OLMSTEAD. Yes.

The CHAIRMAN. The total amount provided here is \$21,914,400. Vitamins are necessary for troops serving in the arctic regions where they lack sufficient sunlight, and also troops serving in submarines where they do not get out in the open enough, and, I suppose, for convalescent soldiers and aviators.

Mr. TABER. The vitamin A pills and the carotene oil are used for fortifying margarine and edible fats; is that the story?

Colonel OLMSTEAD. Yes. Some of them are used for other things.

Mr. TABER. That is what this note says.

Colonel OLMSTEAD. That is the principal use. The principal use is to fortify the margarine, not margarine shipped but margarine made over there.

Mr. TABER. Do they make margarine over in Russia?

Colonel OLMSTEAD. Yes.

Mr. TABER. But they do not put the vitamins in it?

Colonel OLMSTEAD. They have to get the vitamins to put in it.

The CHAIRMAN. Incidentally, vitamins, I am told, have produced a new market, not comparable, perhaps, to motion pictures and the radio and the automobile, all of which were created overnight, but it is a great industry.

Colonel OLMSTEAD. Yes, it is.

The CHAIRMAN. Almost overnight the Nation has become vitamin conscious and practically all of us are taking them, whether we need them or not.

Mr. TABER. Do they not have any rats over in Russia to make vitamins out of?

Colonel OLMSTEAD. I understand that Stalin has run all the rats out of Russia.

OTHER FOODSTUFFS

The CHAIRMAN. On page 19 we find other foodstuffs, miscellaneous foodstuffs—baking powder, salt, gelatin, hops, sausage casing, and so forth, \$28,558,000. These are just odds and ends, a miscellaneous group of foods that cannot be classified anywhere else?

Colonel OLMSTEAD. That is right.

The CHAIRMAN. These are taken up before they are processed. Do you not handle them after they are processed, the hops?

Mr. MARSHALL. That is used in making bread.

The CHAIRMAN. Explain this Arctic program here, which is evidently for Russia.

Colonel OLMSTEAD. Once a year a number of boats go to the north coast of Siberia, that part of Russia that is normally frozen in. There is one period during the year when supplies can be taken in to the outposts the Russians have there. Some of those are weather stations, and fishing stations. Some of them are military stations as well. Each year they do up into one program a year's supply of food. It is handled specially. It has to leave within a prescribed week from the west coast of the United States. The boats have to get up there, unload, and get out before they are frozen in, and that is the only chance during the year these folks in that area have of getting any food supplies. Consequently, all the food they get is put into this one program. There is not the elimination of what we might refer to as frills that there is in other programs. That is why we have such items in there as tea and spices.

The CHAIRMAN. I see you also have items in here for Poland and Yugoslavia for prisoners of war.

Colonel OLMSTEAD. Yes.

(Discussion off the record.)

Mr. TABER. What did you say this Arctic program was—\$5,000,000?

Colonel OLMSTEAD. There are a number of outposts maintained by the Soviet Government on the northern coast of Russia, along the coast of Siberia. I cannot tell you where they all are, but they have to supply those people. For most of the year—I judge for 10 months at least—you cannot get in there. They are frozen in, and there is no inland transportation either.

Mr. LUDLOW. Are they military or civilian outposts?

Colonel OLMSTEAD. Civilian and military. Some of them are weather stations. Those could be characterized as military. I doubt if they are all of military personnel, but I know that some of them are.

(Discussion off the record.)

Mr. TABER. Why should we have to supply them? They must have things up in that territory to take care of that situation.

Colonel OLMSTEAD. There is nothing up there but ice.

Mr. TABER. Fish, it says here.

Colonel OLMSTEAD. Yes; there is some fish.

Mr. TABER. On top of that, you have \$5,000,000. That ought to feed a lot of people.

Colonel OLMSTEAD. The \$5,000,000 is used to send the food up there. It is a year's supply. I do not know how many stations there are.

Mr. LUDLOW. How were they provisioned last year?

Colonel OLMSTEAD. The same way.

Mr. LUDLOW. Are they cut off entirely from the mother country?

Colonel OLMSTEAD. So far as I know, there is no way to get to them.

Mr. LUDLOW. That is a most anomalous situation, where Russia has outposts and cannot get anything to them.

Colonel OLMSTEAD. If they could send ships from Vladivostok around the northern coast and supply them in that way, that could be done, but we have to supply the stuff to them anyway.

The CHAIRMAN. All this material that is especially packed for delivery to these obscure posts would have to be supplied to Russia by us anyway.

Colonel OLMSTEAD. It is much more economical to avoid having to transship it.

Mr. LUDLOW. How long has this condition obtained?

Colonel OLMSTEAD. Three years that I know of.

Mr. TABER. On this item of salt for Great Britain, do they not have salt in their own territory that they can get? They do not import salt in peacetime, do they?

Colonel OLMSTEAD. I am trying to recall the exact point to which this salt goes.

Mr. ORCHARD. This is again a matter of servicing ships, British naval vessels coming to this country.

COTTON

The CHAIRMAN. The next item is cotton, \$88,047,000, raw cotton and chemical cotton linters. Practically all of it is for the United Kingdom. I suppose most of it is for military use. Is that true?

Colonel OLMSTEAD. I believe most of it is used for military equipment, and some of it certainly must be going into civilian clothing

items. Recently the British have begun telling us that their most important shortage in the United Kingdom is clothing. It is becoming the No. 1 public issue.

The CHAIRMAN. Is cotton available to the United Kingdom from any other source?

Colonel OLMSTEAD. Egypt, and some from South America.

The CHAIRMAN. They are receiving regular supplies from both points?

Colonel OLMSTEAD. I am not so sure about South America. I am sure that they are getting some from Egypt.

The CHAIRMAN. Clothing is also rationed. Cotton clothing is rationed in Britain?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. Is it drastic?

Colonel OLMSTEAD. Very drastic.

Mr. PAGE. I see you have a statement on page 20 that does not gibe with my figures. You have 1943 supplies, not including carry-over, 6,000,000 tons. I suppose that a bale of cotton is 500 pounds. That would be 24,000,000 bales, and the production this year, according to my recollection, is about 14,000,000 bales. This coming year it is estimated at about 12,000,000 to 13,000,000. It seems to me, therefore, that those figures must be wrong.

Colonel OLMSTEAD. It seems to me they are too. That is just an error.

Mr. TABER. Let me ask you another thing. Is there not another mistake there? You have on your impact 155,162 longs tons, whereas it seems to me the whole 178,406 was cotton consumption.

Colonel OLMSTEAD. Well, it is cotton and cotton linters.

Mr. TABER. That comes out of your cotton crop?

Colonel OLMSTEAD. Linters I do not think were ever considered to be cotton. They are taken off the cotton seed and used for chemical purposes.

Mr. Cox. I think we both made the same mistake there on the cotton.

Mr. TABER. No; 5,000,000 long tons would be practically 25,000,000 bales, almost double. You multiply by $4\frac{1}{2}$ instead of dividing.

Mr. LUDLOW. There is a great deal of anxiety over the prospect that cotton textiles might have to be rationed in this country and at the same time we are shipping a great many cotton textiles to England for civilian use. How essential a part of the lend-lease program is that?

Colonel OLMSTEAD. I question whether there would be any reason to ration cotton textiles in the United States because of the cotton supply. There would be a shortage of milling.

Mr. LUDLOW. It has been feared.

Colonel OLMSTEAD. I have read rumors in the papers it is going to be rationed and others that it is not going to be rationed. I have seen more of the latter than the former.

Mr. LUDLOW. I know that the War Production Board does not want to ration and are trying to get away from it, but it is not at all certain they can avoid it. So I was wondering under that circumstance, the tight situation in our country, how far we ought to go to with the lend-lease program.

Colonel OLMSTEAD. But it is the milling capacity that would cause a shortage here. What you are sending to England is raw cotton.

Mr. LUDLOW. It is not cotton textiles?

Colonel OLMSTEAD. No. We have plenty of cotton available in the United States. There is some shortage of long staple cotton, but we are not sending any of that.

Mr. TABER. You have to have some floating around to keep the price up.

Colonel OLMSTEAD. I guess so.

The CHAIRMAN. When you correct your remarks, I wish you would explain these import figures.

Colonel OLMSTEAD. We will correct them, Mr. Chairman.

(The statement requested is as follows:)

NOTE.—The statement immediately under the import table regarding carry-over is incorrect. The 1944 estimated supply figures do include carry-over and upon rechecking appear to be correct.

TOBACCO

The CHAIRMAN. The next item is tobacco, page 21, \$64,634,000. This consists of leaf tobacco, pipe tobacco, and cigarettes. This is all for the British Empire and the armed forces, as I understand it. None of it is for civilian use?

Colonel OLMSTEAD. No, sir.

The CHAIRMAN. Where is the civilian tobacco procured?

Colonel OLMSTEAD. A great deal of it is procured here, but the British pay for it in cash.

The CHAIRMAN. No lend-lease?

Colonel OLMSTEAD. No.

Mr. LUDLOW. Elucidate this statement here that native twist tobacco is being used for bargaining purposes in the Pacific islands.

Colonel OLMSTEAD. Last year we brought up a sample of that. I wish we had one here now. That is a black twist tobacco that they take into those islands. It is much more valuable for bargaining purposes than money is. If you want the natives to work for you, that is the way to get them to do it.

The CHAIRMAN. Tobacco is a universal sedative for all nations and races in all parts of the world?

Colonel OLMSTEAD. Where it has not already been established, it seems readily acquired.

SEEDS

The CHAIRMAN. The next item is on page 22, seeds, \$36,229,000. It is about evenly divided between U. S. S. R. and the British Empire. No quantities are given and very little explanation. Give us some kind of statement as to how you arrived at this amount.

Colonel OLMSTEAD. The requirements are submitted by the two claimant countries at least a year in advance. When they are submitted discussion is held with the production agencies of the United States and United States' requirements are provided for first. Then growing contracts are entered into to secure the production of additional seeds to supply the needs of the lend-lease claimants. We have gone to unusual pains to get seeds for them in the belief that providing seed would lower immediately and eventually the impact on

the American food supply. Likewise, we have gone to great pains to see to it that we take away no seeds that are required for American production. In the main, Mr. Chairman, I believe it has been carried out to the letter of that statement.

The CHAIRMAN. It looks like this might have been either a guess or have been based on what we were in position to furnish out of our supply.

Colonel OLMSTEAD. It is more of the latter than the former. We have had experience now for 2 years as to what we found we were able to supply. It would be almost impossible to put down here a list of seeds because while we enter into growing contracts, some of those contracts will not produce. Some of them will overproduce. For example, last year we were unable to supply cabbage seeds to the Russians in the quantity they asked because the crop failed. We were able to supply more of certain other seeds than they had asked for. We enter into a growing contract a year in advance, roughly designed to meet the requirements submitted to us for 25 or 30 different varieties of garden and field seeds. What we get out of that we ship. Generally we get what the requirements are, but there will be variations by as much as 10 percent either way on any of the contracts, and 1 or 2 of the contracts may fail entirely to produce.

Mr. LUDLOW. What are the principal categories of seed?

Colonel OLMSTEAD. Field seeds and garden seeds. We send a great quantity of grasses, field seeds, beans, peas, corn, and alfalfa seed. In the garden seeds, radishes, carrots, cucumbers, seed potatoes, spinach, and all the rest of them, such as the assortment you would have to have in a seed store.

Mr. TABER. Do they not have any seeds over there at all?

Colonel OLMSTEAD. They have some. By the same token that their agricultural production is preempted by the enemy, their facilities for producing seed were preempted, and if we want to get them back into production we will have to supply additional seeds for the first year's planting.

Mr. LUDLOW. That would be the most economical way?

Colonel OLMSTEAD. Yes.

Mr. WIGGLESWORTH. Is it more or less than you sent last year?

Colonel OLMSTEAD. A little more.

Mr. TABER. This is stuff you are going to send next winter?

Colonel OLMSTEAD. Yes; we start the shipments about the 1st of December, usually at the end of the growing season. The Russian program always comes first because they have a long way to go to get the seed there in time to plant it.

Mr. LUDLOW. Are you able to get good seed?

Colonel OLMSTEAD. We always conduct germination tests before we ship.

OTHER NONFOODSTUFFS

The CHAIRMAN. The next item is on page 23, "Other nonfood-stuffs," which means naval stores, \$5,212,310. This supply goes entirely to the British Empire for gum resin and turpentine principally?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. What is Britain's normal source of naval stores?

Colonel OLMSTEAD. I am unable to answer that.

Mr. Cox. It is given in the note right under the impact table.

The CHAIRMAN. In pre-war years, Finland and Norway were large suppliers of naval stores to the United Kingdom. These stores are principally unavailable now?

GUM RESIN

Colonel OLMSTEAD. I believe there was some normal support from here to the United Kingdom prior to the war.

The CHAIRMAN. I see that gum resin represents nearly a quarter of our production. That is a pretty high cut. We will have ample stocks remaining for our own needs, will we?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. I see that we have stepped up our production above pre-war years.

Mr. TABER. How much have you stepped up our production on this stuff?

Colonel OLMSTEAD. I will have to check that and put in it the record. (The information requested is as follows:)

Gum resin production

Season	Barrels	Long tons	Season	Barrels	Long tons
1936-37-----	1,607,934	358,914	1940-41-----	1,173,639	261,973
1937-38-----	1,735,418	387,370	1941-42-----	989,638	220,901
1938-39-----	1,832,930	409,136	1942-43-----	1,085,873	242,382
1939-40-----	1,137,795	295,150	1943-44 (estimated)-----	950,000	212,053

Mr. Cox. As I understand it, gum resin is not presently in short supply in the United States.

Colonel OLMSTEAD. There is an adequate amount left here for all civilian uses. In other words, it would be under allocation.

COLD STORAGE INVENTORY

The CHAIRMAN. As to the general purchase of these foods and other supplies by the War Food Administration, are the purchases all made in the United States except the sugar and one or two other items that were mentioned as we went along?

Colonel OLMSTEAD. Yes.

The CHAIRMAN. Much of this food has been purchased when available. Crops have to be purchased at the time they are on the market. That involves warehousing. What is your policy with respect to handling supplies of that character?

Colonel OLMSTEAD. That would require seasonal buying. We have an inventory which is owned by the Commodity Credit Corporation and is held in warehouses located in strategic places throughout the United States as near to ports as we can get them without causing port congestion. That inventory at the present time runs in dollar value to approximately \$500,000,000. Shipments are made out of the inventory. Incidentally, of that inventory about 90 percent of it is for lend-lease and about 10 percent for other purposes.

The CHAIRMAN. You referred to the time of supply there. How many months does that represent?

Colonel OLMSTEAD. It depends upon the commodity. In some commodities we have as much as a 6 months' supply. In some other commodities we have less than a month. Over-all I would say that we are running an average of about 2 months.

The CHAIRMAN. Do you ship seasonal stock-pile foods as soon as required, and they are housed on the other side, or do you warehouse on this side and draw upon them as the occasion requires, or is the whole thing governed by shipping facilities?

Colonel OLMSTEAD. It is very largely governed by shipping, but we have used as much influence as we could to get seasonal commodities stored on the other side. For example, as you know, at the present time we are short of cold storage. We are shipping 150,000,000 pounds of lard to the United Kingdom in advance of their program because we do not have the facilities to store it. We ship it to them ahead of their program and let them store it until the times comes to draw upon it. Then it is there for them. As to the commodities of which we have a short supply, we do not go ahead with the program at all. We ship it on a month-to-month basis.

Mr. TABER. Can you tell me much those inventories ran?

Colonel OLMSTEAD. \$500,000,000.

Mr. TABER. The Army, of course, has other inventories?

Colonel OLMSTEAD. Yes.

Mr. TABER. And the Navy?

Colonel OLMSTEAD. Yes.

Mr. TABER. You do not know anything about what they are?

Colonel OLMSTEAD. Yes, I do.

Mr. TABER. Would you be willing to tell us?

Colonel OLMSTEAD. I am not permitted to do that.

Mr. TABER. What about the stocks of beef in the coolers?

Colonel OLMSTEAD. In what respect—civilian supply or Government-owned?

Mr. TABER. There is not much civilian supply, as I understand it; is there?

Colonel OLMSTEAD. Yes, there is quite a bit.

Mr. TABER. Considerable?

Colonel OLMSTEAD. There is a very considerable quantity of cold storage items for civilians. How much of that is beef I cannot say offhand. We have around 92 percent occupancy of freezer space in public cold storage houses, which has always been considered as overexpanded. A very small percentage of that belongs to the Federal Government.

Mr. TABER. A very small percentage of that inventory in cold storage belongs to the Federal Government?

Colonel OLMSTEAD. That is right. By far the most of it belongs to the civilians, or civilian agencies.

Mr. TABER. Does that mean that a good deal of that cold-storage stuff is beef?

Colonel OLMSTEAD. No. That would not necessarily follow.

Mr. TABER. What would it be made up of largely?

Colonel OLMSTEAD. Well, beef, pork, dairy products, eggs, frozen vegetables, frozen fruits, frozen poultry, and frozen fish.

Mr. TABER. The major part of it would be frozen proteins of some kind?

Colonel OLMSTEAD. Yes.

Mr. TABER. There would be a little bit, comparatively speaking, occupied by frozen fruits and vegetables?

Colonel OLMSTEAD. Of fruits and vegetables, subject to correction, on February 1 there was in storage approximately 379,000,000 pounds.

Mr. TABER. That was about what percent of the total storage at that time?

Colonel OLMSTEAD. I could not say. It is a good slug of storage space.

Mr. TABER. Is it 25 percent of the storage space?

Colonel OLMSTEAD. I do not know.

Mr. TABER. Is it 50?

Colonel OLMSTEAD. It is not that much.

Mr. TABER. It is not 25 percent?

Colonel OLMSTEAD. I do not think so. I do not know the exact cold-storage cubic feet available, nor how much these would occupy, but in a monthly cold-storage report—and here is the point I wish to make—there is shown 379,000,000 pounds. Of that about 50,000,000 belongs to the Army, leaving about 329,000,000 pounds for all civilian consumption. Total consumption recently has been about 34,000,000 pounds a month.

Mr. TABER. That is a 10 months' supply.

Colonel OLMSTEAD. Exactly. Civilian processors on their own account stock piled a 10 months' supply without taking into account this year's production. That is one of the biggest factors in getting storage capacity.

Mr. TABER. Is any of the 329,000,000 pounds earmarked for the Army?

Colonel OLMSTEAD. No, sir. The 50,000,000 that the Government owned was the Army's.

Mr. TABER. That is all that the Government was planning on?

Colonel OLMSTEAD. Yes; except stocks in Army and Navy warehouses.

Mr. TABER. The other items were all free for civilian use?

Colonel OLMSTEAD. Yes.

Mr. TABER. Or for some such operation as this?

Colonel OLMSTEAD. Yes.

Mr. TABER. Now, you said that the storage facilities were filled up to about 90 percent. How about the beef storage? Was that filled up as much as 90 percent?

Colonel OLMSTEAD. Well, there is not any particular storage for beef.

Mr. TABER. There is no differential. You could use one for the other? Is it interchangeable?

Colonel OLMSTEAD. Yes. We can get the cold-storage reports and give you the pounds of beef that are in storage.

Mr. TABER. That is not a secret or anything of that kind, is it? You can give that for the record?

Colonel OLMSTEAD. Yes.

Mr. TABER. That would include all the cold-storage there is in this country?

Colonel OLMSTEAD. Yes.

Mr. TABER. There is not any substantial cold storage that belongs to the Government?

Colonel OLMSTEAD. No, sir.

Mr. TABER. It is almost all in the private set-up?

Colonel OLMSTEAD. That is right.

(The information requested is as follows:)

Meat inventories as of Apr. 1, 1944¹

[Stated in pounds]

Kind of meat	Amount in storage	Percent of total
Beef	296,380,000	23.8
Pork	784,651,000	62.9
Lamb and mutton	21,636,000	1.7
Trimings and edible offal	144,146,000	11.6
Total	1,246,813,000	100.0

¹ Does not include space leased exclusively by armed forces.

Mr. TABER. Any food inventory not included in the cold-storage set-up would be seasonal things that would keep in an ordinary warehouse, like potatoes and some of the vegetables such as onions, cabbages, and such things as that?

Colonel OLMSTEAD. If I may put this in here, as Mr. Marshall said in his opening statement, his policy is objective buying. In that objective buying I think he includes inventory and inventory management. Now, what we are doing with respect to Government stocks—and this is all Government stock—is making a comparison between how much we own and how fast it is being cleared, so that we do not get a quantity of commodities that will take longer to clear than the space-storage life of that commodity, because when you get over that, that is where you get your spoilage factor. That is where the criticism arises. In that way we are reducing our inventories.

Mr. TABER. That is, at this season of the year?

Colonel OLMSTEAD. Yes; we are reducing our inventories; and incidentally, in connection with that, the Director has taken off various controls on civilian consumption as fast as they could be taken off. That frees more food for civilians, which is a fine thing until you run into the price-support obligation, and we have run into that on a couple of commodities now—potatoes and eggs—and we have got people sitting up all night trying to find places to store eggs, and we still cannot get storage fast enough. But we are obligated to maintain that price and we propose to maintain it.

Mr. TABER. How much of this storage space in normal times is filled at this season of the year?

Colonel OLMSTEAD. My recollection is that our normal would be about 60 percent occupancy.

Mr. TABER. At this season?

Colonel OLMSTEAD. Yes.

Mr. TABER. It might fill up along toward the fall?

Colonel OLMSTEAD. Normally it never fills up.

Mr. TABER. It might tend to be fuller in the fall than at this season of the year?

Colonel OLMSTEAD. Yes.

Mr. TABER. Normally, about what percentage of meat is beef in cold storage?

Colonel OLMSTEAD. I cannot tell you. I can get that information for the record.

The CHAIRMAN. You may supplement your testimony.
(The information requested is as follows:)

The April 1 5-year average (1936-40) shows that about 10 percent of all meat in cold storage houses was beef.

RESERVE FOR AGRICULTURAL REVOLVING FUND

Mr. TABER. You said something about some supplies for the Caribbean.

The CHAIRMAN. We are coming to that right now.

If the committee will turn to this second document, the smaller document on the last page is the document, exhibit No. 3, we have an item here of \$500,000,000 as a reserve for the agricultural revolving fund. Explain that revolving fund.

Colonel OLMSTEAD. We have here the transcript of the testimony that was given by Secretary Wickard in the hearings on the fifth supplemental national defense appropriation bill for 1942. Secretary Wickard had asked in connection with the pending lend-lease appropriation that if he was to take responsibility to go out and ask the farmers of this country to produce more commodities for which in relation to normal demand there was already a surplus, he would have to have some way to protect them against that production in case this program failed to materialize, or was cut off while the farmers were still producing. Then later Congress enacted a law which required the support of those commodities at 90 percent of parity for 2 years after the war. Now, this \$500,000,000 is considered by the Department of Agriculture as Lend-Lease's share of protecting agriculture against overproduction as the result of this program and protecting them against taking price decreases.

Mr. Johnson, of West Virginia, questioned Mr. Wickard on this matter and Secretary Wickard said:

The \$500,000,000 referred to awhile ago was appropriated under the second Lend-Lease appropriation bill and was to be used as a sort of contingent fund to take care of the congressional mandate or law, which said that we must protect the farmers against price collapse when we ask them to increase production.

The Chairman of the committee also questioned the Secretary. The Chairman said:

Is there any assurance that when the war ends, if it ends suddenly as we hope it will, American agriculture will not be geared to a rate of production that will result as disastrously as it did at the close of the last war?

Mr. Wickard responded:

Of course there is that danger, the same as there is a similar danger in industry. Industry will be geared to production of certain things to a point where there will be a great let down of activity. That is why I am asking that this \$500,000,000 be continued, and I hope it will be continued to pay farmers for products which they have planted, or for livestock which is in production, and it is very probable that increased amount of food will be needed by a number of countries when the rehabilitation effort takes place.

Now, Mr. Chairman, it has been our observation—and we think we are right—that the last 2 years, in addition to supplying our lend-lease claimants and our Army, filling up the pipe line, we have been building up reserves against invasion. In certain parts of the

world we have been building up what the Army calls its distribution factor—it has to have 90 days' supply in out-of-way places where it risks starvation. Now, that pipe line has been filled. Production is up to a high level, around 128 percent of the pre-war level. This fund was set up for that purpose, and in my opinion it is the considered judgment of the Secretary of Agriculture, the War Food Administration, and certainly the Office of Distribution, which does the buying for price support, that it remain there—if nothing more than as a symbol—as a little assurance to the American farmers that the Government means to keep its pledge.

The CHAIRMAN. Does this represent an unexpended balance or is it new appropriation?

Colonel OLMSTEAD. It is an unexpended balance which has been in existence for 3 years.

The CHAIRMAN. It is also to support the price program. How are you using it to support the farmers' price?

Colonel OLMSTEAD. This money has not been used to support farm prices as yet, but the only way I know to support farm prices is to remove the surplus from the markets by stepping in and offering to buy the farmers' commodities at the support level.

For instance, we have had a very interesting experience in the South just within the past few days when the potato crop started to come in. The support price was \$3 per hundred, and on potatoes it necessarily extends from Florida to Texas.

One morning a report came to us that a thousand cars of potatoes were coming in at the price of \$2.50 per hundred. We put a team of people, in the markets and we actively sought to buy potatoes at \$3 per hundred. We have succeeded so far in buying a little over 375 cars of potatoes at about the \$3 operation, but the commercial price has never gone below \$3.25.

There may be a better way to do it, but we do not know of a better way to make the commercial buyers pay the support price than to get in and actively bid against them with a support price so they have got to go out and bid to get the commodity.

The CHAIRMAN. None of this is used to pay subsidies?

Colonel OLMSTEAD. No.

The CHAIRMAN. Is not that the plan that was used by the late-lamented Farm Board when they went into markets and bought up a supply of wheat until we had such a supply that it was hanging over the market like the Damoclean sword?

Colonel OLMSTEAD. The difference is this, Mr. Chairman, that when we buy surplus we have some place to put it.

For instance, in the case of potatoes we can give some of them to the school-lunch program; we can give some of them to the canners who can potatoes; and whenever we run out of such services we can put them in pits and make silage. We have found through experience in other parts of the world that potatoes make excellent silage when they are properly treated. The trade has got to know that you have got some place to put substantially all of the commodities which are available because just simply to buy them up and have no place to put them does not support the market. Another difference is that we buy from producers, not speculators.

The CHAIRMAN. Is this a war-emergency plan which you propose to effectuate, or is it a permanent plan—post-war plan to be continued indefinitely?

Colonel OLMSTEAD. I do not know a thing about post-war plans, Mr. Chairman; I am just talking about what we have been doing now.

The CHAIRMAN. If it is proposed to use it as a permanent plan would it not have to be coupled with some kind of a control or production program?

Colonel OLMSTEAD. It would seem to me, Mr. Chairman, that when the war is over and demand becomes stabilized again the Congress, the Executive, and agriculture as a whole, are going to have plenty to do in adjusting production to demand, and that I think has to be dealt with very definitely for some time. But right now our obligations are minor in relation to the over-all program.

The CHAIRMAN. You are up against war conditions now.

Colonel OLMSTEAD. Yes.

The CHAIRMAN. This of course is lend-lease money and when fighting stops lend-lease will stop and you will be left hanging in the air, as it were?

Colonel OLMSTEAD. So far as we are concerned the F. E. A. gives us a requisition, and when the fighting stops we stop shipping and there we are with the commitments for the items you see in this budget, not all of them, but many of them, and the farmers are going to say, "Perhaps you will not want so much, or what about next year? Do you want me to produce? Are you going to support my price if I do?"

When this program was initiated the Secretary of Agriculture said, "To protect me against that sort of thing, I would like to have this \$500,000,000 set up," and the Congress set it up, and it has been there ever since. ✓

The CHAIRMAN. When was that set up?

Colonel OLMSTEAD. In 1942.

The CHAIRMAN. What prices do you propose to maintain? Do you propose to maintain all prices, all farm prices at status quo?

Colonel OLMSTEAD. No; the Setagall Act is very explicit: It says to maintain at 90 percent of parity any commodities on which the Secretary of Agriculture, later the War Food Administrator, by public proclamation, has increased or requested an increase in production.

The CHAIRMAN. What is necessary to implement that? We can pass the law all right, but it must be implemented before it becomes effective. Have you any other method than this of implementing it?

Colonel OLMSTEAD. We have two possibilities: One is section 32 of the Agricultural Adjustment Act, under which a sum equivalent or equal to 30 percent of the customs receipts are made available each year; and the other is the Commodity Credit Corporation, if it has any money when the contingency arises. ✓

Mr. WIGGLESWORTH. What was the second?

Colonel OLMSTEAD. The Commodity Credit Corporation.

Mr. TABER. But you are not allowed to go out and pay a guaranteed price unless you set a price?

Colonel OLMSTEAD. That is right.

Mr. TABER. If you ask people to produce that is the time you set the price?

Colonel OLMSTEAD. Well, parity sets the price.

Mr. TABER. Yes; but if you do not ask them to produce, to increase their production of any particular item you are not bound under any agreement as to general prices for every article.

Colonel OLMSTEAD. No; not by law.

Mr. TABER. Are you any other way?

Colonel OLMSTEAD. Well, I think that there is some moral obligation that all of us ought to do our best to protect the agricultural industry against the sort of collapse that occurred after the last war.

The CHAIRMAN. Have you had any authoritative opinion on the legal aspect of this act of 1942; has that been referred to you?

Mr. Cox. Yes; when we were before Mr. McKellar's committee, the Senate Appropriation Committee at that time, he asked me to submit a legal memorandum on it and we went into it with some detail and it is in the record of the Senate hearings.

The CHAIRMAN. If it is not too voluminous I think it would be well to insert it here.

(The statement requested is as follows:)

MEMORANDUM TO THE CHAIRMAN OF THE SENATE APPROPRIATIONS COMMITTEE
FROM OSCAR S. COX, GENERAL COUNSEL FOR THE LEND-LEASE ADMINISTRATION

(Hearings before the subcommittee of the Committee on Appropriations, United States Senate, on the second supplemental national defense appropriation bill for 1942, page 153)

I

QUESTION. Can the Secretary of Agriculture legally commit the Government to buy more agricultural products than Congress has authorized?

ANSWER. No.

DISCUSSION. No executive officer of the Federal Government can legally commit the Government unless Congress makes the necessary appropriations or otherwise authorizes him to do so by contract authorization or similar authority.

The Constitution provides that: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law; * * * (art. 1, sec. 8).

It has been the long-standing constitutional practice for Government officials to expend only those funds that are appropriated by Congress and to make only such contracts or other commitments as are authorized by Congress.

These rules are in no way suspended or changed by section 4 of the act of July 1, 1941 (Public Law 147, 77th Cong.), the so-called Steagall amendment. This act provides in part as follows:

"Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any nonbasic agricultural commodity, he shall make public announcement thereof and *he shall so use the funds made available under section 3 of this act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purposes for all commodities*, so as to support a price for the producers of any such commodity with respect to which such announcement was made of not less than 85 percent of the parity or comparable price therefor. * * *

It should be specifically noted from the italicized sections of the above-quoted provision that the Secretary of Agriculture can only act to commit the Government to the extent that funds or authority are made available to him by Congress.

The Steagall amendment in no way gives the Secretary of Agriculture the authority to commit the Government to the expenditure of any money in advance of congressional action.

II

QUESTION. Has the Secretary of Agriculture sought to commit the Government to buy more agricultural products than Congress has authorized?

ANSWER. No.

DISCUSSION. The Secretary of Agriculture, as he stated in his testimony, has in fact not sought to commit the Government to spending more money for agricultural products than the Congress has actually appropriated.

A representative statement by the Secretary of Agriculture is contained in his speech of September 15 at Salt Lake City, Utah:

"The machinery of the farm program has a brand-new feature for use in this emergency. Recent legislation directs that whenever the Secretary of Agriculture

during the emergency finds it necessary to encourage expansion in the production of any nonbasic commodity, he shall issue a public notice, and then within the limits of available funds, conduct the farm program so as to support a farm price for the commodity of not less than 85 percent of parity. Any loan, purchase, or other operation under the farm program, which is undertaken to support the price of the commodities with respect to which public notice has been issued, is required to be continued until sufficient public notice is given that it will be discontinued, to permit the producers to make a readjustment in production.

"Under the new legislation I have already given public notice covering until December 31, 1942, hogs, eggs, evaporated milk, dry skim milk, cheese, and chickens. Subject to the availability of funds for price support I shall amend the notice to cover other commodities if it becomes necessary to give special encouragement to the expansion of production of such commodities."

It is clear from the above statement that the Secretary of Agriculture has not committed the Government without the necessary appropriations but has specifically warned the farmers that the Government's purchase of any products resulting from an expansion is specifically conditioned on the availability of funds to make such purchase.

III

QUESTION. If and when the second-lend-lease appropriation is enacted, can the Secretary of Agriculture start long-range procurement by encouraging expanded production?

ANSWER. Yes.

DISCUSSION. As in the case of guns, some expansion of production of agricultural production will probably be necessary in order effectively to carry out the purposes of the Lend-Lease Act. In the case of guns, long-range lend-lease procurement can—and often has to—be carried on by the expansion of facilities long before the time the finished articles are finally purchased. The first lend-lease appropriation and the present bill contain provisions for just such a purpose. Similarly, in the case of agricultural production long-range procurement can be started, after the funds are available, pursuant to both the Lend-Lease Act and the Steagall amendment. The conjunction of a stabilized farm-price level plus the available funds with which to procure were intended and are likely to stimulate the production of agricultural products.

IV

QUESTION. In the event that the emergency should end before all the funds appropriated to carry out the agricultural part of the lend-lease program are spent, will the President, in the absence of further legislation, have the legal power to authorize the Secretary of Agriculture to spend any part of such funds?

ANSWER. Yes.

DISCUSSION. In the interests of clarity, the legal issues should be separated from the policy issues involved in this question.

On the legal question, the Lend-Lease Act, the appropriations made under it, and the Steagall amendment should be read together.

In addition to a definite termination date, the Lend-Lease Act also empowers the Congress to terminate it by concurrent resolution of both Houses at any time before June 30, 1943.

This is covered by section 3 (c) of the Lend-Lease Act which reads as follows:

"After June 30, 1943, or after the passage of a concurrent resolution by the two Houses before June 30, 1943, which declares that the powers conferred by or pursuant to subsection (a) are no longer necessary to promote the defense of the United States, neither the President nor the head of any department or agency shall exercise any of the powers conferred by or pursuant to subsection (a); except that until July 1, 1946, any of such powers may be exercised to the extent necessary to carry out a contract or agreement with such a foreign government made before July 1, 1943, or before the passage of such concurrent resolution, whichever is the earlier."

Although the Lend-Lease Act contemplates that the procurement of defense articles will be made on behalf of those foreign countries whose defense is vital to ours, the appropriation acts also contain specific provision that any defense articles procured under the Lend-Lease Act can be retained by the United States.

Section 3 of the First Lend-Lease Appropriation Act reads as follows:

"Any defense article procured from an appropriation made by this act shall be retained by or transferred to and for the use of such department or agency of the

United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby."

Section 103 of the proposed Second Lend-Lease Appropriation Act contains the same language.

It may well be that even after the termination of the emergency it will be vital to our defense to procure and supply food for England, China, and the other nations which we have been aiding in their fight against aggression. It is conceivable that hungry and exhausted countries which have used their manpower for fighting rather than harvesting and which have had many of their fields and livestock, etc., destroyed will be a tinder box for an even worse situation than the present war unless they are fed by this country. Under such circumstances it would be up to Congress and the President to decide as a matter of fact, law, and policy whether or not to continue to supply food.

As a matter of law, consideration will have to be given not only to the provisions of the Lend-Lease Act and its appropriations but also to the Steagall amendment.

On this point the Steagall amendment provides as follows:

"The comparable price for any such commodity shall be determined and used by the Secretary for the purpose of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, and rice shall be deemed to be nonbasic commodities."

In the case of contracts for the expansion of facilities for the manufacture of planes and in the contracts for the purchase of planes the usual practice is to make individual contracts with each particular manufacturer and to provide in the contract that in the event of cancellation the contractor shall be reimbursed for those costs and charges for which he has already made commitments and cannot himself cancel. In the agricultural field there are so many producers that the Government, as a practical matter, is unable to make contracts with each of them. In order to afford a similar protection to the farmers, the Steagall amendment contemplates that governmentally encouraged expansion and governmental procurement and purchasing will continue at least to the point where the farmers will be covered for their out-of-pocket expenses resulting from their expansion of production up to the point where they are notified to make a change and are able to do so.

Even though there is legal power to proceed to such extent, the following policy considerations may produce a different result:

(a) The executive branch of the Government and Congress as a matter of policy might deem it wise to continue feeding the peoples of those foreign countries that are now at war. In that event the executive department might well seek a ratification of the policy through the usual congressional channels by, for example, a joint resolution of the Congress.

(b) If in the light of the existing circumstances at the time of the termination of the emergency, the executive branch of the Government determines that it would not be wise policy to continue the purchasing of food up to the permissible legal limits, it could initiate a request to Congress, either by concurrent resolution under the Lend-Lease Act or by repeal or modification of the appropriation acts, that no such further purchasing be done. Congress could also of course, on its own motion, if it deemed it wise policy to do so, terminate, within the limits of its legal power, the Lend-Lease Act or the appropriation acts.

(c) As a matter of policy Congress and the executive branch of the Government would probably want to consider, in connection with any termination of the powers, what moral as well as legal obligations it had to the farmers of this country. If after Congress had made funds available, the Government, under the Steagall amendment and in accordance with it, had encouraged farmers to increase their production of hogs or poultry, for example, the Congress would doubtless want to consider whether any termination of the powers would not result in serious unfairness unless the Government at least reimbursed the farmers for whatever nonreversible and nonrecoverable commitments they might have made in expanding their production.

Mr. LUDLOW. I was just wondering how this gets under the lend-lease umbrella. It is a matter of domestic policy, is it not?

Mr. WIGGLESWORTH. There is no new money asked for here?

Colonel OLMSTEAD. No.

Mr. WIGGLESWORTH. What is the status of the fund at the moment?

Colonel OLMSTEAD. The fund has been allocated—it was allocated previously by the Lend-Lease Administrator to the Secretary of Agriculture. No use has been made of it.

Mr. WIGGLESWORTH. No use at all to date?

Colonel OLMSTEAD. No.

Mr. WIGGLESWORTH. You still have the original \$500,000,000 fund?

Colonel OLMSTEAD. That is right.

Mr. TABER. With what money are you buying things to support the prices like you did with reference to potatoes?

Colonel OLMSTEAD. Section 32 funds.

The CHAIRMAN. Was it contemplated at the time section 32 was enacted it could be used for such purposes?

Colonel OLMSTEAD. The law specifies that it shall be used to purchase or to divert from the normal channel of trade.

Mr. WIGGLESWORTH. How much has been expended for this purpose to date?

Colonel OLMSTEAD. Over what period?

Mr. WIGGLESWORTH. Well, since the fund was set up.

Colonel OLMSTEAD. None of this.

Mr. WIGGLESWORTH. No; but under section 32, how much of that money has been spent?

Colonel OLMSTEAD. Since 1935, when the fund was set up, several hundred million dollars.

Mr. WIGGLESWORTH. You have not expended anything at all under lend-lease?

Colonel OLMSTEAD. No.

The CHAIRMAN. As I recall, the amount, yearly it has varied between 90,000,000 and 125,000,000.

Colonel OLMSTEAD. Yes, and there are certain years in which it was supplemented by additional appropriations.

The CHAIRMAN. Do you have the figures showing the income from that act?

Colonel OLMSTEAD. Yes. The income from the act itself is as follows: In 1936, \$32,000,000; in 1937, \$109,000,000; in 1938, \$125,000,000; in 1939, \$144,000,000; in 1940, \$92,000,000; in 1941, \$100,000,000; 1942, \$97,000,000; 1943, \$131,000,000; 1944, \$97,000,000; 1945, estimated at \$119,000,000.

The CHAIRMAN. It has not all been completely absorbed each year?

Colonel OLMSTEAD. No.

The CHAIRMAN. There have been balances carried over?

Colonel OLMSTEAD. There has been an unexpended balance coming into the Treasury each year for the last 4 or 5 years?

The CHAIRMAN. Approximately how much has been coming into the Treasury each year? Supply that for the record, if you will.

(The information requested is as follows:)

Exportation and domestic consumption of agricultural commodities, fiscal years 1936 to 1945, inclusive

Fiscal year	30 percent of customs receipts	Supplemental appropriation		Reappropriation	Total available	Unobligated balanced balance
		Agriculture bill	Emergency relief bill			
1936.....	92, 111, 741				92, 111, 741	33, 000, 000
1937.....	109, 139, 621				109, 139, 621	0
1938.....	125, 097, 214				125, 097, 214	4, 010, 161
1939.....	144, 024, 893				144, 024, 893	24, 893
1940.....	92, 678, 812	113, 000, 000			205, 678, 812	12, 819, 637
1941.....	100, 925, 859	85, 000, 000	50, 000, 000		235, 925, 859	¹ 12, 000, 000
1942.....	97, 729, 589	100, 150, 000	25, 000, 000		222, 879, 589	¹ 32, 497, 745
1943.....	131, 429, 833			44, 497, 745	175, 927, 578	² 42, 266, 446
1944.....	97, 051, 938				97, 051, 938	16, 569, 716
1945.....	⁴ 119, 307, 108				119, 307, 108	³ 42, 307, 108

¹ 1941 and 1942 balances were reappropriated in 1943.

² This is \$750,000 less than the amount shown in printed Budget due to an additional allotment to Agricultural Adjustment Agency to supplement amounts previously allotted.

³ Estimate.

⁴ Tentative.

Mr. WIGGLESWORTH. The whole of that income is available for this purpose?

Colonel OLMSTEAD. Yes.

Mr. TABER. It has not been just used for that purpose?

Colonel OLMSTEAD. Well, all of that, almost all of that was used before the war. Less was used in the years since the war started.

Mr. TABER. The figures are running pretty high. Is the fund charged with the draw-backs?

Colonel OLMSTEAD. You mean do we figure in draw-backs?

Mr. TABER. Well, for instance, there is a great lot of stuff comes into this country under bond to be manufactured or processed, and after it goes out the importer or his successor in interest is entitled to the draw-back. Are the draw-backs deducted from the tariffs before the 30 percent is sliced off?

Colonel OLMSTEAD. Yes; the draw-backs are deducted from the tariff revenue, and would be taken into account in arriving at the 30 percent.

REVOLVING FUND FOR CARIBBEAN PURCHASES

The CHAIRMAN. The next item under category 7 is the revolving fund for the Caribbean purchases, \$25,000,000. What is the fund and just how does it revolve?

Colonel OLMSTEAD. In 1942 the Department of Agriculture was requested by the Department of State, the Department of War, the Department of Navy, and the Department of the Interior to provide food supplies for the Caribbean area.

In order to finance it the question was raised at the Budget Bureau and the Budget Bureau took the matter up with Mr. Sumner Welles, at that time the Under Secretary of State and Mr. Welles then conferred with the President who gave us a directive to establish a revolving fund of \$25,000,000 of lend-lease money to finance the accumulation and stock piling of food supplies for the Caribbean area.

From that revolving fund something over \$100,000,000 of purchases have been made and completed. The food that is bought has to be

bought with somebody's money in the first instance, and then it is taken to the Caribbean area and sold commercially, and when those sales are made the money is recovered and put back into the fund.

The CHAIRMAN. Where do your receipts come from that go back into the fund?

Colonel OLMSTEAD. From the people of the Caribbean; and Puerto Rico, for example, one of our possessions, gets its supply of staple foods out of this program. The foods are sold wholesale.

Mr. TABER. You mean we do not pay for the food, we simply buy the food and sell it to them?

Colonel OLMSTEAD. Yes; it is a cash on the barrel head program.

Mr. TABER. Why is it necessary for you to do that; why can it not be done in the normal sources of trade?

Colonel OLMSTEAD. Well, there are two committees investigating that now, one in the Senate and one in the House; in the House Mr. Bell's committee and in the Senate Senator Chavez's.

Mr. TABER. Yes.

Colonel OLMSTEAD. The reason it was done, in the first place, was because there was not enough shipping space in the normal channels of trade to provide staple foods, the shipping space that was available for use was used by commodities which were more profitable than food with the result that a very serious shortage of food resulted in 1942, and black markets came into being in enormous proportions, deprivation on the part of many people, not only in Puerto Rico, but to a considerable extent in other portions of the Caribbean area.

We were requested—well, first, the Department of the Interior was directed in Public Law 391, which was in that case, in December 1941, shortly after Pearl Harbor, to assure a food supply to Puerto Rico and the Virgin Islands. The Interior Department attempted to do that for some months without interfering with the normal channels of trade and found the food did not get there, and when that condition arose the Department of Agriculture was asked to do the job, providing food to that area, and it has been doing it ever since.

Whenever conditions will permit the Secretary of the Interior will ask us to discontinue, and I expect the Director will be glad to do so.

The CHAIRMAN. What is the status of this fund at this time; is the fund intact?

Colonel OLMSTEAD. The fund is intact; yes.

Mr. WIGGLESWORTH. Where are these goods being sold?

Colonel OLMSTEAD. They are being sold, for the most part, in Puerto Rico, in the Virgin Islands, and some have been sold in Jamaica, some in Cuba, some in the Dominican Republic, some in Haiti, and there have been substantial sales in the Leeward and Windward Islands.

Mr. WIGGLESWORTH. What is the situation as to shipping now? You would not have this fund during normal times, and the usual channels of trade could take care of it.

Colonel OLMSTEAD. There is some difference of opinion about that. The War Shipping Administration in the last testimony heard indicated there was no adequate shipping to take care of the normal demands for that area.

SALMON FISHERIES INDEMNITY RESERVE

The CHAIRMAN. The third item in category 7 is \$6,000,000 for the salmon fishing indemnity reserve. What is that?

Colonel OLMSTEAD. The salmon-fishing industry in 1942—when it normally went out to catch fish—the boats, men, and equipment went into areas where they thought they might be sunk by Japanese vessels or submarines or they might be ordered out by the United States Navy. There is quite an investment in gear and wages and one thing or another in sending out boats for a salmon catch. After considerable interdepartmental discussion it was agreed that the Government would underwrite any actual losses on the part of the fishing industry for out-of-pocket costs.

The total losses in 1942 were \$122,600.73. That arose out of the fact that certain boats went into customary fishing grounds and the Navy told them to go on home.

This provided additional food over what would have been supplied if no help had been given.

The \$6,000,000 is the outside figure to cover everybody's loss in any particular case.

The CHAIRMAN. That is the total figure?

Colonel OLMSTEAD. The War Department also put in \$6,000,000.

Mr. WIGGLESWORTH. What is the status of that fund?

Colonel OLMSTEAD. It is intact except the \$122,600.73.

Mr. TABER. Why did you set it up as it is instead of with the deduction for the expenses for these losses?

Colonel OLMSTEAD. The losses I believe have been paid, Mr. Taber, and in our accounting for this year the fund would be presented as a whole.

The CHAIRMAN. That is the unexpended balance that would be continued?

Colonel OLMSTEAD. Yes.

Mr. TABER. No; this restores the total indemnity reserve of \$6,000,000; that is what our operation would result in.

Colonel OLMSTEAD. That is right.

Mr. Cox. Yes.

Mr. TABER. Why should we do that? It does not seem that we need to have \$6,000,000 reserve for that sort of thing now.

Colonel OLMSTEAD. Well, that is under discussion now.

Mr. TABER. Do you not think that a considerable part of it could be eliminated; that we could reduce that a couple of million dollars, or something like that?

Colonel OLMSTEAD. Well, I would hate to see it eliminated and read in the papers the next day where the Japanese Navy sunk a few of our ships and we did not have the fund.

Mr. Cox. We tried to get it reduced or eliminated within the last few months.

Mr. TABER. Would the fund be available or the revolving fund be available for general expenses of Lend-Lease or is it earmarked specifically the way this thing is set up?

Mr. Cox. It is like all indemnity funds, it is earmarked for the purpose indicated. We would not charge against this fund anything unless we were sure that the indemnity had occurred. It is similar to other indemnity funds, and similar to the agricultural fund.

BUREAU OF AGRICULTURAL ECONOMICS, ETC.

The CHAIRMAN. There are also procurement expenses in column 1 of exhibit 3 for the Department of Agriculture of \$4,573,000 in category 7, and administrative expenses in category 10 of \$2,985,000, making a total of \$7,558,000 for three agencies of the Department, as follows:

Bureau of Agricultural Economics	\$75, 000
Office of Foreign Agricultural Relations	73, 000
War Food Administration	7, 430, 000
Total	7, 558, 000

The amount for administrative expenses for the Bureau of Agricultural Economics and the Office of Foreign Agricultural Relations remains about the same for each year.

What services do they render to this procurement program that requires them to have allotments?

Colonel OLMSTEAD. As shown before the Bureau of the Budget, those allotments—the Bureau of Agricultural Economics furnishes information by collecting special reports on production and the availability of commodities.

The Office of Foreign Agricultural Relations contributes by supplying information with respect to supplies in other countries and helps to get reduced allocations in U. S. supplies.

The CHAIRMAN. There is no increase in the present staff or rate of expenditures contemplated?

Colonel OLMSTEAD. No.

Mr. TABER. I think we ought to have the information that has been had with reference to these other agencies, that is, a month by month statement of the disbursements by departmental and field and by other agencies; the amount and number of employees actually on the roll and the employees' ceiling fixed by the Bureau of the Budget.

Colonel OLMSTEAD. We will supply that, Mr. Taber.

Mr. TABER. We ought to have all of that with reference to each of these items.

Colonel OLMSTEAD. We will supply that for the items under our control and we will get it for the other items by request.

SALARIES AND EXPENSES—WAR FOOD ADMINISTRATION

The CHAIRMAN. As to the War Food Administration you are asking a total of \$7,430,000 which includes salaries for 2,553 man-years of employment, the same as your 1944 total.

Colonel OLMSTEAD. Yes.

The CHAIRMAN. The total amount for salaries is increased about \$29,000, and the total for other expenses is reduced by \$23,000, so you have a net increase over all of \$6,000.

Colonel OLMSTEAD. Yes.

The CHAIRMAN. Will your organization for 1945 continue substantially as it has been for 1944?

Colonel OLMSTEAD. Well, as you will note, we have an increase in the volume of procurement to be made during the 1945 fiscal year. The comparison is 6,033,398 tons for 1945 with 4,994,404 for 1944. It is hoped and believed that we can supply the expanded program

through organizational efficiency and natural efficiency we get through experience without any increase in personnel or expense.

The CHAIRMAN. The volume of your purchases and handlings in 1945 will not be substantially less than in 1944?

Colonel OLMSTEAD. They will be 20 percent greater.

The CHAIRMAN. That will be very commendable if that can be made.

Will you furnish for the record a statement showing between the departmental and the field, the number of persons on the roll at the end of each month, commencing with July and ending with March, the number of vacancies, the Budget Bureau ceiling, the estimates for the remaining 3 months, and then give the number you estimate for 1945?

Colonel OLMSTEAD. Yes.

Mr. TABER. And the dollar expenditures for each month.

The CHAIRMAN. Will you also furnish for the record a statement by months showing your obligations for salaries, travel, communications, and other classes of expenditures for the first 9 months, and the total for the 9 months, and also give your estimated obligations for the remaining 3 months?

Colonel OLMSTEAD. Yes.

(Information requested follows:)

WORK PERFORMED BY THE OFFICE OF FOREIGN AGRICULTURAL RELATIONS IN
CONNECTION WITH LEND-LEASE ACTIVITIES

Funds allotted to the Office of Foreign Agricultural Relations from lend-lease appropriations are used to conduct investigations and analyses of the commodity supply conditions in foreign countries for the use of the Office of Distribution and the Foreign Economic Administration in conducting its foreign purchasing and stock-pile program. The analytical work pertains to two general questions: (1) the analyses of the requirements of the lend-lease recipients for food and agricultural products, and (2) analyses of supplies available in other existing areas.

To conduct these analyses of requirements, it is necessary to obtain information on domestic production, consumption, rationing of foodstuffs and agricultural raw materials in the country concerned and the possibility of obtaining supplies from other sources. Studies of this nature have been made with respect to Russia, United Kingdom, Canada, Australia, and New Zealand. Studies pertaining to the last three countries also gave some attention to the efforts being made by those countries as surplus producers of agricultural products to carry their fair share of the burden of supplying the United Nations war needs.

*Statement of lend-lease administrative obligations by months during fiscal year 1944
category 10*

[Actual obligations through Mar. 31, 1944—estimated obligations through June 30, 1944]

Month	(01) Personal services	(02) Travel	(03-09) All other	Total
July 1943.....	\$3, 449			\$3, 449
August 1943.....	3, 732			3, 732
September 1943.....	3, 657			3, 657
October 1943.....	3, 821			3, 821
November 1943.....	3, 864			3, 864
December 1943.....	3, 700			3, 700
January 1944.....	3, 794			3, 794
February 1944.....	3, 802			3, 802
March 1944.....	3, 846			3, 846
Subtotal.....	33, 665			33, 665
April 1944.....	3, 789			3, 788
May 1944.....	3, 865			3, 865
June 1944.....	4, 123			4, 123
Total.....	45, 442			45, 442

Statement of employees on lend-lease pay roll for fiscal year 1944,¹ category 10

[Actual employment through Mar. 31, 1944—Estimated employment through June 30, 1944]

Month	De-part-mental	Field	Total	Month	De-part-mental	Field	Total
July 1943.....	13	-----	13	January 1944.....	12	-----	12
August 1943.....	12	-----	12	February 1944.....	12	-----	12
September 1943.....	12	-----	12	March 1944.....	12	-----	12
October 1943.....	12	-----	12	April 1944.....	12	-----	12
November 1943.....	12	-----	12	May 1944.....	12	-----	12
December 1943.....	12	-----	12	June 1944.....	12	-----	12

¹ The personnel ceiling fixed by the Bureau of the Budget applies to total personnel of each agency and therefore does not apply to the personnel on any one particular pay roll of an agency financed through more than 1 fund.

WORK PERFORMED BY THE BUREAU OF AGRICULTURAL ECONOMICS UNDER LEND-LEASE ALLOCATIONS

To aid Federal agencies responsible for handling lend-lease programs involving purchase and distribution of foodstuffs, seeds, oils, and other agricultural commodities, more factual information was required on the available production and supplies of the major agricultural items for possible acquisition. The need for these appraisals of the amount and location of available supplies relates both to immediate purchase requirements and the anticipation of future requirements. The demands for more detailed and timely information occasioned an early request upon the Bureau of Agricultural Economics to supplement and expand its existing reporting services to meet the particular needs of the purchase officials. Interest centered mainly upon basic indications of both present and prospective production and stocks of specific commodities, to enable the responsible officials to plan ahead effectively on their purchase operations, and to recommend or encourage necessary expansion of production and supplies to provide a necessary surplus for lend-lease assignment, with least disruption of allocations for domestic needs.

The Bureau has developed an entirely new series of reports on certain commodities, as in the case of vegetable seeds, and has supplemented a series of reports found to be inadequate on other foodstuffs of strategic importance, such as dry beans, dried peas, rice, soybeans, dried eggs, dry milk, and cheese. Thus, a substantial number of new reports has been imposed upon and synchronized with the regular reporting services of the Bureau.

Among the principal new developments of import to the lend-lease operations are the extensive series of reports on vegetable seed acreage, production, stocks, and supplies, which were among the first of the special reports requested. Four such surveys covering 50 kinds of vegetable seeds are being made each year and furnish the basic information required for allocations to various claimant countries, issuance of export license applications, contract operations in this country to assure adequate supplies for the lend-lease program, and to locate supplies of certain varieties of vegetable seeds especially needed for our armed forces in foreign countries.

The Bureau has supplemented the large volume of basic information in its regular reports by special surveys and reports on production and stocks of other commodities of major concern under the lend-lease purchase programs. Information has been collected and reports released on stocks of dry beans and dried peas, by States and important commercial classes in producing areas on quarterly dates of December 1, March 1, June 1, and September 1; also stocks of rice in all positions on January 1 and April 1. Special reports are being made on the probable production of dry beans, by commercial classes, monthly through the growing season beginning with August 1. For dried peas, State estimates of acreage have been furnished with the prospective plantings report in March and the July 1 report and both stocks and production information are being broken down by classes. Similarly, special stocks and production reports have been instituted for soybeans.

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Bureau of Agricultural Economics—statement of lend-lease administrative obligations by month during fiscal year 1944

[Actual obligations through Mar. 31, 1944—estimated obligations through June 30, 1944]

Month	(01) Personal services	(02) Travel	(03) Transportation of things	(07) Other contractual	(08) Supplies and materials	Total
July 1943.....	\$5,226	\$111	\$66	\$32	\$242	\$5,677
August 1943.....	5,123	5	35		113	5,276
September 1943.....	5,944		15	53	162	6,174
October 1943.....	6,009					6,009
November 1943.....	5,677					5,677
December 1943.....	6,773		17		3	6,793
January 1944.....	6,813				8	6,821
February 1944.....	6,871					6,871
March 1944.....	6,718					6,718
Subtotal.....	55,154	116	133	85	528	56,016
April 1944.....	7,154					7,154
May 1944.....	6,615					6,615
June 1944.....	6,400					6,400
Total.....	75,323	116	133	85	528	76,185

Bureau of Agricultural Economics—Statement of employees on Lend-Lease pay roll for fiscal year 1944¹

[Actual employment through Mar. 31, 1944—Estimated employment through June 30, 1944]

Month	Departmental	Field	Total	Month	Departmental	Field	Total
July 1943.....		32	32	January 1944.....	5	31	36
August 1943.....	5	32	37	February 1944.....	5	32	37
September 1943.....	5	32	37	March 1944.....	5	33	38
October 1943.....	5	32	37	April 1944.....	5	33	38
November 1943.....	5	32	37	May 1944.....	5	33	38
December 1943.....	5	31	36	June 1944.....	5	33	38

¹ The personnel ceiling fixed by the Bureau of the Budget applies to total personnel of each agency and therefore does not apply to the personnel on any one particular pay roll of an agency financed through more than one fund.

War Food Administration, Office of Distribution—Statement of employees on lend-lease pay roll for fiscal year 1944¹

[Actual employment through Mar. 31, 1944—Estimated employment through June 30, 1944]

Month	Departmental	Field	Total	Month	Departmental	Field	Total
July 1943.....	1,073	1,086	2,159	January 1944.....	1,061	1,326	2,387
August 1943.....	1,215	1,498	2,713	February 1944.....	1,147	1,585	2,732
September 1943.....	1,034	1,219	2,253	March 1944.....	1,060	1,432	2,492
October 1943.....	1,165	1,137	2,302	April 1944.....	1,085	1,436	2,521
November 1943.....	1,096	1,381	2,477	May 1944.....	1,232	1,553	2,785
December 1943.....	1,115	1,270	2,385	June 1944.....	1,249	1,575	2,824

¹ The personnel ceiling fixed by the Bureau of the Budget applies to total personnel of each agency and therefore does not apply to the personnel on any one particular pay roll of an agency financed through more than one fund.

War Food Administration, Office of Distribution—Statement of Lend-Lease administrative obligations by month during fiscal year 1944

[Actual obligations through Mar. 31, 1944—estimated obligations through June 30, 1944]

Month	(01) * Personal services	(02) Travel	(03-09) All other	Total
July 1943.....	\$501,609	\$28,072	\$87,689	\$617,370
August 1943.....	521,082	17,001	35,712	573,795
September 1943.....	534,000	18,084	50,164	602,248
October 1942.....	529,911	22,102	53,151	605,164
November 1943.....	521,381	25,902	47,000	594,283
December 1943.....	525,165	20,338	59,834	605,337
January 1944.....	523,374	18,827	118,249	660,150
February 1944.....	527,337	20,504	52,633	600,474
March 1944.....	530,234	25,150	64,312	619,696
Subtotal.....	4,713,793	195,980	568,744	5,478,517
April 1944.....	540,000	31,023	66,837	637,860
May 1944.....	540,000	35,023	66,837	641,860
June 1944.....	540,000	35,323	66,837	641,860
Total.....	6,333,793	297,049	769,255	7,400,097

PERSONNEL CEILING ESTABLISHED BY THE BUREAU OF THE BUDGET FOR THE OFFICE OF DISTRIBUTION, WAR FOOD ADMINISTRATION

The Bureau of the Budget in establishing personnel ceilings for the Office of Distribution, War Food Administration did not segregate the ceiling by appropriation. Employees of the Office of Distribution paid from lend-lease funds are contained within the over-all ceiling established by the Bureau of the Budget.

The ceiling established by the Bureau of the Budget for the Office of Distribution by quarters is as follows:

	Quarter ending—			
	Sept. 30, 1943	Dec. 31, 1943	Mar. 31, 1944	June 30 1944
Departmental		3,200	3,000	3,000
Field.....		11,200	11,000	10,500
Total.....	14,936	14,400	14,000	13,500

The CHAIRMAN. Is there anything you wish to add?

Colonel OLMSTEAD. I would like to state for the record, Mr. Chairman, that the cost of handling a ton of food—buying it and handling it until it is laid down at the shipside—this year we estimated at \$1.48; for next year, \$1.23.

The administrative cost there will run about 3.23 mills in 1944 and 2.75 mills in 1945.

The CHAIRMAN. Your total for administrative and procurement expenses is \$7,430,000. Does that include all of the expenses in connection with the War Food Administration's procurement program for Lend-Lease?

Colonel OLMSTEAD. No, sir; not all of it—for Lend-Lease, yes; but not all for War Food.

The CHAIRMAN. Does it include warehouse rentals and handling charges for Lend-Lease?

Colonel OLMSTEAD. No, sir; this is administrative expenses; hiring people, and traveling.

The CHAIRMAN. What is not included?

Colonel OLMSTEAD. We have here over-all management; that is, supervision of actual purchases and management of stocks; procurement—that is, purchasing officers in the Procurement Branch; transportation and storage—that is, the people who receive the commodity, order it into storage, and order it out of storage, inspect it in storage, and see to it that it is kept in good condition, and fiscal operations which review and report on all financial activities in this connection.

PURCHASE OF SHOES

Mr. TABER. I would like to ask a general question about Lend-Lease. How much of the money in here is for the purchase of shoes? I did not notice any item on shoes; on the other hand, I ran into some record of the purchase of shoes by Lend-Lease.

Mr. Cox. It does not seem to show on these sheets.

Mr. TABER. It appears that the Grant retail chain sold 400,000 pairs to Lend-Lease.

Mr. Cox. That is right.

Mr. TABER. What did you do with them?

Mr. Cox. Those shoes were purchased as part of what was called the old O. F. R. R. O. program. That is before U. N. R. R. A. was set up.

They are inexpensive shoes which civilian consumers would not take up, I suppose because of ration points on shoes, and they were bought in anticipation of use in liberated areas.

Mr. TABER. What happened to them?

Mr. Cox. Most of them are still in storage. Some of them were destroyed in a fire, as I remember it.

Mr. TABER. You did not even have insurance on them?

Mr. Cox. I do not think so.

Mr. TABER. You could not even sell them to an insurance company?

Mr. Cox. No.

Mr. TABER. Why did you buy them with no better prospect of distribution than seems to have resulted?

Mr. Cox. Well, I think that was one of the anticipations where few of us can guess what is going to happen.

Mr. TABER. You mean you figured we were going to have a shoe-distribution program some place and none has developed; is that the idea?

Mr. Cox. No. I think the irreducible minimum of supplies was purchased for the O. F. R. R. A. program, which was to provide a minimum contingency reserve for liberated areas. In fact, some of the shoes have been used for the Greek children's relief program, and some have been sent to Italy at the request of the Army. The balance will be used almost exclusively for the Army relief program and will be shipped as they call for the shoes.

OVERSUPPLY OF CANNED MILK

Mr. TABER. There seems to have been an article in the newspapers last week about a 45,000-pound oversupply of canned milk. What do you know about that?

Colonel OLMSTEAD. If it is the same thing that I am thinking of, it was canned milk that got over-aged. As you will recall, the 1941

program of Lend-Lease, before we were in the war, called for 22,000,000 cases of canned milk. We set out to buy the canned milk, and got the production of it. Then we got in the war and, for shipping reasons, it could not be shipped. So it was being sold, exported, and so forth, and there was the tail end of that inventory that was left. It got out of condition, it got too old, and it has been sold, in most cases for salvage, in some cases for evaporated milk. However, there is more than 45,000 pounds of it.

Mr. TABER. Forty-five million pounds?

Colonel OLMSTEAD. No; it is more than 45,000 pounds, which I understood you to say.

Mr. TABER. I thought I said 45,000,000 pounds.

Colonel OLMSTEAD. That is a little high, Mr. Taber.

Mr. TABER. Some Dr. Stebbins, Commissioner of Health, is supposed to have said that the Government had an estimated 45,000,000-pound oversupply.

Colonel OLMSTEAD. Well, Dr. Stebbins is slightly misinformed. The Government has about 350,000 cases, and they weigh 48 pounds apiece.

Mr. TABER. That would mean about 18 to 20 million pounds.

Colonel OLMSTEAD. Yes. It is bad enough, we do not want to make it look any worse than it is.

ALLEGED PURCHASE OF WHEAT IN NORTH AFRICA

Mr. TABER. Who, for the United States, would be buying wheat in north Africa at 50 to 60 cents a bushel higher than we pay here?

Mr. Cox. We do not buy any wheat in north Africa. It is supplied under reverse lend-lease. It is supplied to our armed forces under reverse lend-lease. There is no payment for it.

Mr. TABER. There is no payment out of our Treasury at all?

Mr. Cox. No, sir.

Mr. TABER. They seem to have found that last summer.

Mr. Cox. I know, but it was corrected by the people who found it.

PURCHASE OF WOOL

Mr. TABER. Has the Lend-Lease Administration bought any wool anywhere?

Mr. Cox. I do not think so. It would have been bought through Agriculture, and I am quite sure we have not bought any through Agriculture or anybody else.

Colonel OLMSTEAD. There is some wool that has been brought into the country which still belongs to the United Kingdom. You will recall some Australian wool that came in here.

Mr. TABER. But we have not bought it?

Colonel OLMSTEAD. No, sir.

Mr. TABER. I know about that.

USE OF LEND-LEASE MILITARY SUPPLIES IN SALVADORIAN REVOLUTION

Mr. TABER. There was a story in the Washington Daily News about a month ago about United States lend-lease tanks and planes being used by the Salvador rebels. What do you know about that?

Mr. COX. That is true, so far as we know.

Mr. TABER. You have been running a revolution down there?

Mr. COX. No. There was a small amount of military supplies made available to Salvador, and some of those supplies were used in that revolution, which was a flurry and then was all over.

Mr. TABER. They were not shipped for that purpose?

Mr. COX. No; they were not shipped for the express purpose of the revolution.

Mr. TABER. Why on earth were we shipping military supplies down there?

Mr. COX. That was approved by the Chief of Staff and the Chief of Naval Operations.

Mr. TABER. How do they serve the purpose of providing for the defense of the United States?

Mr. COX. I think they participate in the coastal defenses, and so forth. They are under, in part, the direction of the Navy on anti-submarine and coastal-patrol work.

Mr. TABER. It gives them an opportunity for their chief outdoor sport down there, a revolution or a rebellion or something of that kind; gives them material to operate with. We ought to know whether we are appropriating money for that purpose.

Mr. COX. There is a general statement on the program for the 20 South and Central American republics. It was a military program worked out in the first instance by the Army, approved by the Chief of Staff and the man who was then Chief of Naval Operations. That office has been abolished since; also the Secretary of State. The total amount of aid supplied in terms of finished munitions and munitions going into arsenals, ordnance factories, and similar military production, as I remember the figures, was under a total of \$150,000,000 on March 1, 1944, from the beginning of the program. And part of it was paid for in cash.

ALLEGATIONS BY REPRESENTATIVE BRADLEY, OF MICHIGAN, WITH RESPECT TO LEND-LEASE TO MEXICO

The CHAIRMAN. In this connection, on April 27, 1944, commencing at page 3834 of the Congressional Record, Representative Bradley, of Michigan, made some serious allegations concerning lend-lease to Mexico. These statements are a serious reflection upon the administration of lend-lease, and are so wide of the fact that there was a chance that they might give serious offense to a friendly neighboring republic. In view of that fact, I wrote to Mr. Crowley, Administrator of Lend-Lease, and asked him to give me the facts in the situation; and also the facts with respect to licenses for export by the F. E. A. of commercial articles that would be bought and paid for by the Mexican Government and citizens through commercial channels in the usual manner. As those who serve on this committee are aware, no exports can be made from the United States without first having an export license from the F. E. A.

I have Mr. Crowley's very informative reply to my letter here, and I will insert it in the record at this point. I might say that it demonstrates the utter lack of foundation for these allegations.

(The letter referred to is as follows:)

FOREIGN ECONOMIC ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington 25, D. C., May 4, 1944.

HON. CLARENCE CANNON,
*Chairman, Committee on Appropriations,
House of Representatives.*

DEAR REPRESENTATIVE CANNON: Thank you for your letter of May 1, 1944, and the enclosure, with reference to the remarks of Representative Bradley of Michigan on alleged lend-lease activities in Mexico, which appear in the Congressional Record of April 27 last. I am glad to have the opportunity to send you my comments on these charges as they affect the Foreign Economic Administration.

As you indicate, these charges are completely at variance with the actual facts concerning lend-lease aid to Mexico. Pursuant to arrangements approved by the Chief of Staff, the Chief of Naval Operations, the Secretary of State, and the President, we supply to Mexico under lend-lease only military items—ordnance, aircraft, tanks, and other military vehicles, and small naval craft—and industrial equipment for use in arsenals and other installations used to produce and maintain military articles.

Our cumulative lend-lease exports to Mexico from March 1941 through February 1944 aggregated less than \$12,000,000, about one-twentieth of 1 percent of our total lend-lease exports. Of this amount more than 65 percent is accounted for by aircraft.

With lend-lease aid definitely limited to military supplies and war production items, it is obvious that no civilian or commercial aid is included in the program for Mexico. Representative Bradley is 100 percent in error in his charges about lend-lease supplies and operations. No cast-iron enamel bath tubs are being sent to Mexico under lend-lease. No railroads or highways are being built or repaired with lend-lease funds. No air-raid shelters for Mexican people are being built by lend-lease. No high-priced Michigan automobiles, or refrigerators, or vacuum cleaners, or any other consumer goods are finding their way across the border under lend-lease operations.

Turning to your inquiry about purely commercial exports to Mexico paid for by private interests, as you are aware, all the commodities referred to by Representative Bradley are subject to War Production Board allocations, and are thereafter carefully screened before export licenses are granted by this Administration.

As you know, Mexico is an important source of strategic and critical raw materials necessary for our war effort. Our imports of these items increased substantially last year over those for 1942. In conformity with our policy to weigh export license applications in the light of the over-all war effort, a number of commercial exports to Mexico have been approved for the purpose of expanding production and expediting deliveries under these procurement programs.

Out of the 50,000 cast-iron bathtubs referred to by Representative Bradley, only 1,500 per quarter have been allocated for export to all parts of the world. The quota for Mexico has not yet been established, but manifestly the number which might possibly be licensed for export to Mexico would be only a very small portion of those allocated. During 1943 about 100 cast-iron enameled tubs were licensed for commercial export to Mexico.

All building materials are subject to War Production Board allocation, which is made only after giving full weight to military and domestic needs. Our licenses have amounted to approximately \$1,000,000 per year. This amount is below both normal pre-war exports of building materials to Mexico and our current Mexican quota.

No new electric stoves have been licensed for export to Mexico, and less than a dozen used electric stoves were licensed last year. These licenses were restricted to institutions such as hospitals. No licenses were granted for the export for private use.

Electric refrigerators are not only subject to export license control, but also to individual War Production Board releases which are subject to the same criteria as domestic releases. Although 2,000 units were approved for export to Mexico last year, so far this year licenses have been approved for the export of only 14 electric refrigerators. These have all been for use in hospitals, clinics, research laboratories, and vital war projects.

Plumbing equipment is also under strict War Production Board allocation and the allotment of \$400,000 a year is far below normal pre-war exports. Generally export licenses for this equipment have been restricted to public housing projects

for workers employed on projects involving war production and the procurement of strategic and critical war materials.

Vacuum cleaners also are subject to War Production Board allocations, as well as export control. Only 58 have been licensed for export this year, and some of these were used.

Automobiles and trucks are subject to the strictest kind of controls. The only ones released for export have been those which not only cleared this Administration on the question of end use, but were passed upon by the Foreign Division and the Automotive Division of the War Production Board. In the case of trucks, most of those licensed for export have been for use on war projects in connection with procuring strategic and critical materials. Parenthetically, I might say that persons visiting Mexico have been permitted to take their cars upon the condition that they are brought back to this country.

The only commercial exports of tires have been those made in accordance with determinations of the Office of the Rubber Director. Mexico satisfies most of its civilian needs through tires made in Mexico, and our exports have been limited to sizes not made locally.

Before closing, I should like to refer briefly to the Export-Import Bank. Three loans have been authorized, only one of which has been drawn against to date. That one involves a loan authorized some 2 years ago for a highway project. Some \$10,000,000 was advanced at that time, two and a half million of which has been repaid, and no part of the balance is in default.

I trust that the foregoing information may be helpful in clearing up the entirely false impression created by Representative Bradley's erroneous statements.

Sincerely yours,

LEO T. CROWLEY, *Administrator.*

The CHAIRMAN. Thank you, gentlemen.

WEDNESDAY, MAY 10, 1944.

DRUG AND HEALTH SUPPLIES

(See p. 240)

STATEMENTS OF COL. EDWARD REYNOLDS AND MAJ. F. C. LITTLE, OFFICE OF THE SURGEON GENERAL; MAJ. L. S. WHITE, INTERNATIONAL DIVISION, A. S. F.; AND MARK MERRELL, CHIEF, DRUG AND HEALTH SUPPLIES, F. E. A.

The CHAIRMAN. If the committee will turn to page 50, we will take up the item for drug and health supplies, \$16,269,000. This estimate seems to be prepared on a dollar basis, as no quantities are stipulated.

Will you tell us, Colonel Reynolds, what is covered here and how these figures were arrived at?

Colonel REYNOLDS. Mr. Chairman, these figures were arrived at by the Federal Economic Administration and, as I have been told, they were made up from programs submitted by the foreign nations to them. They come to us for procurement without responsibility on our part to determine the quantities; and the individual items making up this total have not yet been presented to us, as far as specific detail is concerned.

As far as our ability to procure this quantity, if that is of interest, I would not anticipate any difficulty in a program of this size, if the general make-up is comparable in type and proportions to what we have had before, for this same purpose.

The CHAIRMAN. What is covered by this item?

Colonel REYNOLDS. The \$16,269,000 of general health supplies?

The CHAIRMAN. That is what we are considering.

Colonel REYNOLDS. Various drugs, surgical dressings, hospital equipment, X-rays equipment; some laboratory supplies; some dental supplies; a small amount of miscellaneous; the same types that we buy for the Army, in general.

The CHAIRMAN. Is this a reduction from the 1944 program for lend-lease?

Colonel REYNOLDS. Yes, sir; for this part of lend-lease it is a considerable reduction from what we had last year.

The CHAIRMAN. How much has it been reduced?

Colonel REYNOLDS. I believe the difference is something over \$80,000,000, more nearly \$82,000,000 reduction.

The CHAIRMAN. It is entirely for civilian needs?

Colonel REYNOLDS. It is what we call lend-lease civilian. It is for essential civilian needs of the lend-lease countries.

The CHAIRMAN. All military needs are furnished by the War Department?

Colonel REYNOLDS. Yes, sir.

The CHAIRMAN. It represents, largely, needs that may arise because they are not cared for by the War Department or by the Red Cross or by other relief organizations?

Colonel REYNOLDS. Yes, sir; it is my understanding that these are for the treatment of the civilian population, that are of concern to the military in the military operations.

Mr. TABER. How can you have any idea that these things can be procured without knowing the details of what they are?

Colonel REYNOLDS. I said, Mr. Taber, if they were of the same general category and roughly in the same proportions as we have had before; and I base it on our experience of last year when we handled a similar program of larger size. Also on my general knowledge of the total procurement that will be the responsibility of the office of the Surgeon General, Medical Department of the Army, in this coming fiscal year, in relation to what we have done in the immediate past. I think we have adequate production facilities and materials. The number of items that we have heretofore been asked to procure which are still very difficult, and are under War Production Board allocation, is greatly reduced from what it was before. In general, the whole program in my jurisdiction is smaller than the one we have just been through, and I think we have adequate resources.

Mr. TABER. You said the \$82,000,000 was the program for this current year?

Colonel REYNOLDS. \$82,000,000 was the difference.

Mr. TABER. It is \$82,000,000 more, or \$98,000,000?

Colonel REYNOLDS. Yes, sir; approximately \$98,000,000.

Mr. TABER. How much of that has so far been spent, up to the 31st of March, would you say?

Colonel REYNOLDS. That would be an F. E. A. question; I do not know.

Mr. COX. I do not know offhand.

Mr. TABER. You do not have the figure?

Mr. COX. I do not have it here; no.

The CHAIRMAN. That will be covered by the statement to be submitted, I understand.

Mr. TABER. I know, but I was curious, while the colonel was here, to know what were the facts.

I do not think there are any further questions on my part, Mr. Chairman.

The CHAIRMAN. Thank you, gentlemen.
(The information requested is as follows:)

STATEMENT ON DRUG AND HEALTH SUPPLY PROGRAM FOR FIFTH LEND-LEASE APPROPRIATION

The proposed Foreign Economic Administration program for procurement of civilian drug and health supplies to be sent to lend-lease governments during the fiscal year, July 1, 1944, through June 30, 1945, totals \$16,269,000. This compares with \$52,285,000 for the same purpose in the last 12 months of the previous Budget. Although the total drug and health supplies budget for the previous fiscal year figured on a 12-month basis was \$84,000,000, only \$52,285,000 of this was for lend-lease governments, the rest having been appropriated to provide a reserve of medical supplies for use to back up our military operations in liberated areas.

Thus, on a comparable basis, the proposed \$16,269,000 budget represents a reduction of roughly \$36,000,000 from the \$52,285,000 of the previous fiscal year.

Total obligations were incurred for the account of Foreign Economic Administration in the amount of \$66,664,000 for the 14-month period against the 14-month \$98,000,000 budget (\$84,000,000 for the fiscal year) provided in the fourth lend-lease appropriation. The fact that obligations were less than anticipated in the Budget may be attributed largely to drastic, unforeseen cut-backs in the program for the United Kingdom and the British Empire. In the fall of 1943, the United Kingdom found herself able to furnish from her own production large quantities of medical supplies that had previously been included in lend-lease programs. Foreign Economic Administration cut back its procurement schedules accordingly and in the present Budget there's a greatly decreased amount provided for the British Empire.

The Foreign Economic Administration has been made responsible for determining civilian drug and health supply requirements of the various lend-lease countries and for making the request for any funds necessary to carry out the supply program. Needs of the armed forces of the United Nations are handled by the War Department. Despite the nomenclature used, so-called civilian drug and health supplies are serving a war purpose almost as vital to military operations as the provision of medical supplies direct to the armed forces. Thus, in the United Kingdom these supplies will be used in part for the maintenance of joint military and civilian hospitals which are available for both military and civilian patients. With the coming invasion, it is probable that these facilities will be more and more heavily called upon by the military. Use by civilians has been far heavier than in peacetime as a result of the bombings of war production centers. In the case of north Africa and the Middle East, civilian lend-lease drug and health supplies have served to check epidemics which otherwise might have embarrassed military operations in those areas and cost the lives of many members of our armed forces.

Of necessity, the fiscal code sheet presented to the committee setting forth the proposed budget for drug and health supplies has had to be condensed into rather general categories, since the detailed programs upon which the code sheet is based cover more than 8,000 different drug and health items requested by foreign governments. In areas where the Foreign Economic Administration has foreign missions, initial screening of the programs before forwarding to the United States is being performed by the Foreign Economic Administration personnel. Where the requisitioning government has a mission in Washington, an additional screening function is performed before the programs are submitted to the Foreign Economic Administration. The programs are then reviewed by the Bureau of Areas of the Foreign Economic Administration and thereafter screened item by item in the Bureau of Supplies of the Foreign Economic Administration by a commodity specialist. In addition, War Production Board clearance is obtained on all allocated materials.

This screening process is carried out with full consideration of the competing needs of other claimants, military and civilian, as well as the needs of other lend-lease governments. Some items are reduced substantially; but, in general, it may be said that drug and health supply programs as originally presented by foreign governments are more accurately keyed to actual needs and availabilities

than many other programs, because of the technical nature of most drug items and the comparative precision with which highly trained technical personnel who make the estimates can predict the quantities needed in a given area.

The largest portion of the proposed budget for medical supplies is for the United Kingdom and other parts of the British Empire. The supply of drugs for the United Kingdom under lend-lease is confined to about 30 items which are in short supply in the United Kingdom or are produced only in the United States. The same is true of hospital equipment and supplies. As for X-ray equipment, lend-lease shipments are used to supplement insufficient production of certain items in England and to provide replacement parts for X-ray machines previously purchased in the United States.

Other parts of the British Empire are now receiving increased quantities of drugs from the United Kingdom, a development which has permitted considerable reduction in the supply of such items from the United States under lend-lease. There are no lend-lease civilian programs at the present time for India, New Zealand, or South Africa; and the Australian program has been greatly reduced. Southern Rhodesia and the British colonies receive relatively small quantities of lend-lease drug and health supplies.

Up to the present time, medical-supplies programs for China have been confined to direct supply of the armed forces and have therefore been handled entirely by the War Department. A \$2,500,000 program for China is submitted by the Foreign Economic Administration in the proposed budget on the basis of China's urgent request for civilian medical supplies and on the basis of an increased expectancy that shipment into China will become possible.

Russian requirements are for direct military use and are furnished under lend-lease out of War Department funds rather than out of the direct appropriation to the President.

Substantially all procurement of drug and health supplies, whether military or civilian, has been carried out by the Surgeon General's Office of the Army.

WEDNESDAY, MAY 10, 1944.

SURVEY AND CONSTRUCTION OF PORT FACILITIES

STATEMENT OF OSCAR S. COX, GENERAL COUNSEL, FOREIGN ECONOMIC ADMINISTRATION

The CHAIRMAN. We will turn to exhibit 2, which the members of the committee have before them. There are a number of items in categories 7 and 9 to be explained by the Foreign Economic Administration. We will start with the second item and we will take up these items in the order in which they appear.

The first item is "Survey and construction of port facilities, \$8,665,000." This tabulation is in thousands of dollars. Will you let us have a statement on that, Mr. Cox?

(Discussion off the Record.)

TRAINING OF CHINESE NATIONALS

The CHAIRMAN. The next item is "Training of Personnel, \$4,800,000." What is that item?"

Mr. Cox. This is a program that has been under consideration for some time. It relates primarily to the training of Chinese nationals so that they can perform services essential to the war effort.

The CHAIRMAN. This is exclusively for Chinese nationals?

Mr. Cox. Yes. The men will be trained mainly in the United States, to serve as railroad engineers, technicians in various industrial fields, medical and health officers under the Chinese Army medical service, and the Chinese nations' health service; and service crew and repairmen for ocean-going vessels.

The cost includes the transportation to and from the United States or other points of training; training expenses and subsistence. The salaries of the trainees, however, are not to be paid with Lend-Lease funds.

This is a program which had not been adopted previously because of the limitation of air transportation from China. Because of the limitation on transportation it was not possible to bring large numbers of Chinese out of China for training in the United States. It had been considered more important to train those brought out as pilots for air warfare in China, or ground warfare in Burma. But now, as air transportation has improved to and from China, it has been decided that it is possible to bring out more men for training in these other vital skills which are equally essential to the war in China.

The selection of the trainees has already been begun in China and some are already in the United States. All of the trainees have had several years of experience in their particular fields. In the main, this is supplementary training here.

The CHAIRMAN. Who will administer these funds?

Mr. Cox. That varies. The United States Public Health Service will arrange for study by medical officers in the United States to acquaint them with the latest developments in military medicine and the prevention of epidemics, and so forth.

The Maritime Commission and the War Shipping Administration will handle the shipping training.

The Office of Defense Transportation will handle the railroad engineering training, and so on down the line. In other words, the agency of the Government which is most expert and specialized in the particular field for which the trainee is intended, will handle that training.

NUMBER OF TRAINEES, COST AND TYPES OF TRAINING

The CHAIRMAN. How many trainees will be served?

Mr. Cox. It is estimated that there will be approximately 1,200 men.

The CHAIRMAN. How many of those will be trained in China and how many outside of China; and how many in the United States?

Mr. Cox. All of them will be in the United States.

The CHAIRMAN. And they will all be brought out of China and brought to the United States?

Mr. Cox. Yes. Some of them, as I have indicated, are already here. Some of these men are in industrial plants and employed in the railroad field.

The CHAIRMAN. What will be the length of the courses that these men will take?

Mr. Cox. That will vary. The maritime people can be trained in a very short time. The longest course will be 18 months. I think some of them will run as short as 3 months.

The CHAIRMAN. Some of them have already completed their courses and have been returned to China; or when will the first of them be returned to China?

Mr. Cox. Offhand I do not know that, but I can find out.

The CHAIRMAN. You may supply that information.

Who selects the men to be trained?

Mr. Cox. The Chinese select the men, but they have to meet certain standards. They have not had any difficulty with that.

The CHAIRMAN. We pay their expenses over here and their expenses back and pay their subsistence here?

Mr. COX. We pay everything except salary.

The CHAIRMAN. We pay all of the cost of the training except salary?

Mr. COX. Yes.

The CHAIRMAN. And they receive salary from the Chinese Government?

Mr. COX. Yes.

Mr. TABER. How many men are involved?

Mr. COX. 1,200.

Mr. O'NEAL. What will be the cost per man?

Mr. COX. The cost will come to about \$4,000 per student.

Mr. O'NEAL. It would cost between \$3,500 and \$4,000 per student?

Mr. COX. Yes.

Mr. O'NEAL. What will be the length of these courses?

Mr. COX. In the case of the railroad engineers, which is the longest course, it would require 18 months.

Mr. O'NEAL. And what would be the shortest course?

Mr. COX. Three months would probably be the shortest course.

Mr. TABER. I would like to see a break-down of that \$4,000 item.

The CHAIRMAN. Suppose you submit for the record a break-down of the \$4,000 proposed cost for the average man; indicate how much is paid for transportation, how much for subsistence, how much for training. Supplement your remarks, when they come back to you, with that information.

Mr. COX. I shall do that.

Mr. TABER. I would like to hear something about that right now, because that sounds fully double what the cost ought to be.

Mr. COX. I cannot give you the exact percentage of the break-down, but the cost includes transportation to and from the United States.

Mr. TABER. By boat?

Mr. COX. Airplane and boat. You cannot get out of China except by airplane.

Mr. TABER. They bring them out in Army planes. That is the only way they could bring them out.

Mr. COX. Then they would have to have boat travel from India to the United States, and in the United States to their points of training; also the tuition fees in the United States.

Mr. TABER. Tuition fees, learning to be a fireman or a locomotive engineer?

Mr. COX. No; not in some of these cases.

Mr. TABER. Or a maintenance man on a railroad?

Mr. COX. I do not think there is any tuition fee in that class of case, but in the case of medical officers they may be taking an intensive course at one of the medical schools.

Mr. TABER. There would not be very many of those, would there? How many of those 1,200 would be medical students? Can you give us a division of those 1,200 into the various groups?

Mr. COX. We can give you those break-downs; yes.

Mr. O'NEAL. Can China spare doctors to come over here and take special training during this time?

Mr. COX. I think the answer to your question is "No." They have people who are just about to complete their training who are not being withdrawn from the medical service at the time.

The CHAIRMAN. The cost of getting them over here is pretty high.
Mr. COX. Yes.

The CHAIRMAN. The value of these men will not be confined to the war period but after the close of the war they will still be in position to render great service in the development of their country and especially in the promotion of amicable international relations between the United States and other countries?

Mr. COX. I would say that that would be clearly so.

Mr. O'NEAL. What group initiated this program?

Mr. COX. The Chinese.

Mr. O'NEAL. I mean on this side.

Mr. COX. What happened was that the Chinese submitted the program to the Foreign Economic Administration. The Foreign Economic Administration then took the integral parts of the program up with the branches of the Government that were the most expert in the field, such as the Surgeon General's Office on the training of medical health officers, and the Maritime Commission on war shipping and the training of the merchant marine.

Mr. O'NEAL. Has this program the approval of the Army and Navy as a war activity?

Mr. COX. It may have been approved by them.

Mr. O'NEAL. They are trained to be helpful in the war effort, are they not?

Mr. COX. Yes; the medical and health officers would be used by both the Chinese Army and the Chinese Health Service in connection with military operations, and the railroad engineers would be used in the transportation system. The merchant marine trainees would be used as armed guards and would perform other functions in connection with merchant shipping. The Army does not normally approve merchant mariners. That goes through the War Shipping.

What we did in each case was to get the considered judgment of the agency of the Government which was most expert in the field.

Mr. O'NEAL. The purpose behind it is to help the war effort primarily?

Mr. COX. Yes.

Mr. O'NEAL. Are the Army and Navy interested in such a purpose and should they not approve of such a purpose as part of a military operation?

Mr. COX. I am now told that it was approved by our military in China.

Mr. O'NEAL. That is what I have been asking you: Has it the sanction of our agencies that are making war? Is it a war activity? I think it would be well to have some expression on that. I would not want the Bureau of Education to be the one consulted to determine whether or not they are going to train railroad engineers in China.

(Discussion off the record.)

Mr. COX. Well, it was approved by General Stillwell.

Mr. O'NEAL. Then the Army has approved it. What about the Navy? Is the Navy interested in it from any standpoint? There is no one being trained for them?

Mr. COX. The Navy has approved some of the Marine trainees.

The CHAIRMAN. What part has General Stillwell played in the selection of the men and in promoting this activity?

Mr. COX. The whole program has been approved by him, as have all other supply and service programs performed in China under lend-

lease. I do not know that he has had any detailed choice in the selection of particular persons, but I think as far as the fields covered generally are concerned, whether they are medical officers or railroad people, his staff has been over this in some detail.

The CHAIRMAN. This program is always under way, as I understand it.

Mr. COX. Yes.

The CHAIRMAN. When was it initiated?

Mr. COX. We can get you the date.

Mr. TABER. Does not anybody know when it started?

Mr. COX. We can get the information for you.

Mr. LAMBERTSON. Is this the first year?

Mr. COX. Yes.

Mr. O'NEAL. Have any arrived in this country for training?

Mr. COX. Yes.

Mr. O'NEAL. Where are they and what are they doing?

Mr. COX. I do not have the details, but we can get you that for the record.

Mr. O'NEAL. It might be interesting to know something about a program of this sort. I think naturally the members reading the hearings would like to know what kind of job this is they are trying to do for China; whether it is in the interest of the war effort or whether it is an eleemosynary institution or something else.

(The information requested is as follows:)

TRAINING OF PERSONNEL

The first program for training Chinese nationals in the United States with lend-lease funds was begun in the fall of 1941. Nearly 500 aviation cadets have already been trained, and many of these are now flying in combat in China. The money for this program came from lend-lease funds appropriated to the War Department. In addition to the pilot training program in the United States, Chinese have been trained for air warfare within China and for ground warfare in Burma. The expansion of the training program in the United States to cover other skills essential to the war effort in which training could not be given in China or India has been under consideration for some time. Because of the limitations of air transportation from China, however, it has not been possible until recently, with the improvement in air transportation to and from China, to bring these men out of China.

During the past few months requisitions have been approved to train the following number of Chinese specialists: 110 railroad engineers, 40 medical officers, 20 armed guards for merchant vessels, 12 officers for merchant vessels, and 1 shipping specialist.

By the end of fiscal year 1944, \$732,000 will have been allocated from lend-lease funds appropriated to the President to cover the cost of these training programs.

The first five trainees, officers and armed guards for merchant vessels, arrived in New York on March 12, 1944. Selection of the other trainees has already begun in China.

The request of \$4,800,000 for fiscal year 1944 is to cover the expense of training a total of approximately 1,200 men. The program calls for the training of 700 technicians to be selected by the Ministry of Economics, 300 scientists and medical officers to be selected by the Ministry of Education and the National Health Administration, and 200 communications experts to be selected by the Ministry of Communications. All of the trainees will have had several years of experience in their particular fields before they arrive in the United States. Upon arrival they will be given intensive training in the latest American methods of operation so that these operations may be performed more efficiently in China.

The programs to train the communications experts, the railroad engineers and many of the technicians have been undertaken in an attempt to break one of the worst bottlenecks in China—internal transportation. The railroad engineers, under plans worked out in cooperation with the Office of Defense Transportation and the Association of American Railroads, will be detailed to various American

railroads to study our wartime methods of maintenance and operation. Many of the technicians will be given refresher courses in automotive engineering, inland water transportation and radio, telegraph, and telephone engineering. It is hoped that with knowledge of the latest developments in these fields, internal transportation and communication may be improved so that more force may be brought to bear against Japan from China.

The scientists and medical officers, under arrangements made by the United States Public Health Service, are to study in the United States the latest developments in military medicine and in the prevention of epidemics among the civilian population in war-ravaged areas. Upon their return to China these men will be detailed either to treat battle casualties in the Chinese Army, or to prevent epidemics among civilians in areas of military operations.

The shipping men will be trained to serve as ship's officers and as armed guards on Chinese merchant vessels. Some will also be trained to repair ocean-going vessels, both merchant and naval. This program is being undertaken so that the Chinese will have trained personnel to man the merchant vessels they now operate and so that trained personnel will be available to service and repair our ships that will be touching China as soon as a Chinese port is open again.

It is estimated that cost will average \$4,000 per trainee. This average figure may be broken down as follows:

Transportation from India to United States and return.....	\$1, 200
Transportation from United States port of entry to point of training and return.....	250
Tuition and laboratory fees and technical equipment.....	750
Subsistence in the United States for 12 months, at \$150 per month.....	1, 800
Total.....	4, 000

The training courses will last for periods varying from 3 months, in the case of armed guards, to 18 months in the case of railroad engineers. Tuition for medical officers may well exceed \$500 per year per man exclusive of necessary technical equipment and laboratory fees. In the case of marine officers, scientists, and technicians, there will in all probability be no tuition fee, but the men will be furnished the various instruments needed to practice the trade they will study. In the case of scientists, there will also be laboratory fees. The salaries of the trainees will not be paid with lend-lease funds.

SCIENTIFIC EQUIPMENT

The CHAIRMAN. The next item is scientific equipment, \$5,000,000. What is the nature of the equipment and what is the necessity for the expenditure?

Mr. Cox. As you probably know, beginning early in the lend-lease program a procedure was worked out particularly with the United Kingdom, for the interchange of scientific and technical information dealing with the war.

The CHAIRMAN. It relates exclusively to war operations?

Mr. Cox. Yes. The British have made available to us things like the Rolls Royce engine and the "know how" in terms of making it, which is the liquid cooled engine used in some of our aircraft.

The radar development, of course, was a joint operation with the United Kingdom and the United States, and things like the jet propulsion airplane were founded in the main on British inventive genius. This is the other side of the picture. With these funds we make scientific and technical information available to the Allies, under lend-lease, for the joint war effort.

Mr. TABER. Is that not done by Dr. Bush's outfit with the funds we provide direct to them?

Mr. Cox. No. This is done by Dr. Bush's organization, but the funds are allocated from lend-lease to the Office of Scientific Research and Development. I have here a letter from Dr. Bush's office giving the estimate.

Mr. TABER. Why would that estimate come in here? -

The CHAIRMAN. He would have no authority to transfer the equipment.

Mr. COX. He has no authority, and, as I understand it, he has no funds for this specific purpose to cover the cost of the scientific equipment which has been developed by O. S. R. D. contractors and transferred to the British.

Mr. TABER. Please put a statement in the record which will show what is done with that and what it is.

Mr. COX. Yes.

(The statement requested is as follows:)

TRANSFER OF SCIENTIFIC EQUIPMENT

During the first 10½ months of the fiscal year 1944 about \$2,500,000 were obligated for the transfer under lend-lease of scientific equipment developed under contracts entered into by the Office of Scientific Research and Development. Because of the increasing volume of production of scientific equipment in the Office of Scientific Research and Development program, Office of Scientific Research and Development estimated that \$5,000,000 would be required for lend-lease transfers during the fiscal year 1945.

The Office of Scientific Research and Development scientific equipment transferred and to be transferred under lend-lease is comprised of secret war materials and devices, many of which are furnished for field testing or for experimentation purposes. Some of the most important items are highly complicated and expensive. None of this equipment is in mass production. Because of the highly secret nature of the equipment, an itemization of the equipment cannot be inserted in the record but could be made available to the committee.

MARINE LITIGATION

The CHAIRMAN. The next item is marine litigation, \$3,000,000.

Mr. COX. This arises out of what is called the knock-for-knock agreement which was entered into between the United States and the United Kingdom in December of 1942. The agreement in substance is an agreement by both the United States and the United Kingdom covering the period of the war to waive certain marine claims which might arise in favor of one country as against the other.

The CHAIRMAN. Claims which have already been filed or which may arise in the future?

Mr. COX. Both, for the duration of the war.

The CHAIRMAN. It terminates at the end of the war?

Mr. COX. Yes.

Mr. TABER. How would we put in enough money under those circumstances if those claims are postponed or waived?

Mr. COX. They are not postponed. The agreement provides in substance that each Government on behalf of the other assumes the defense of any maritime litigation brought in the courts by private parties against the ships or cargoes of the other Government and would furnish any undertakings that are necessary to release the vessels or cargoes for use in the war. In other words, the claims are not postponed. As each case comes up from day to day, where there is a claim made against a British ship in the United States, we take on the claim. If there is a claim made by a British national in England, the British take on our defense of the suit.

Mr. TABER. Have you a statement as to how much has been spent on that?

Mr. COX. I think that we can get you that information.

Mr. TABER. You do not have it?

Mr. O'NEAL. These are not judgments, are they—just litigation costs; is that right?

Mr. Cox. They may include judgments.

Mr. TABER. You would have to pay the judgments if there were any under that agreement.

Mr. Cox. That is right.

Mr. O'NEAL. Have we recovered anything from the other people?

Mr. Cox. We can give you the reciprocal figures. It is a completely reciprocal agreement.

Mr. TABER. Put in a statement that covers all of that. I do not see any reason why that should not be right in the record.

Mr. Cox. We will do so.

(The information requested is as follows:)

MARINE LITIGATION

The War Shipping Administration has estimated the cost of settlement of 11 cases which have arisen under the "knock for knock" agreement at \$244,081. Expenditure of \$3,500 has been made in settlement of 2 of these claims. A detailed statement of these cases, which involve maritime collisions, can be made available to the committee.

In addition to the above cases on which estimates of the cost of settlement have been made, there are other cases in which estimates are not yet available. A total of about 40 cases are pending under the agreement, the majority of which will eventually reach the stage of litigation.

Information is not available concerning the expenditures of the United Kingdom Government in settlement of claims under the "knock for knock" agreement.

GENERAL AVERAGE CONTRIBUTION

MARITIME LOSS, DAMAGE TO SHIP, CARGO, ETC.

The CHAIRMAN. The next item is "General average contribution, \$1,500,000." What is that?

Mr. Cox. That is a similar arrangement dealing with the general average contribution. That also is completely reciprocal. The estimated general average contribution involving lend-lease funds in 23 cases of damaged lend-lease cargo is \$1,145,533. \$3,271.98 of lend-lease funds has been paid in settlement of general average claims in one of these cases. A list of these cases can be furnished to the committee.

There are between 125 to 150 additional claims pending on which sufficient information has not yet been made available to the War Shipping Administration by the general average adjuster which would allow any reasonable estimate of general average costs. We believe that, on the basis of the estimates for the 23 cases, the Budget item of \$1,500,000 is a minimum requirement for the fiscal year 1945.

The CHAIRMAN. This is rather cryptic, this item, "General average." What is the general average?

Mr. Cox. Mr. Stevens, of my staff, is the expert on this.

Mr. STEVENS. When there is a maritime loss, damage to a ship, the ship, cargo, and freight are considered as one entity and an assessment is made under the so-called principle of general average, distributing that cost between cargo, ship, and freight. Then there may be a suit filed and a lien against the cargo or against the ship. When it is lend-lease cargo going to China, Russia, or wherever it is liable to go, and it is liable in this country under a general average claim payable in dollars, we have to put up a bond to release the cargo to get it on to its war purpose and then have to pay the judgment in answer to the bond in the end. It is because the cargo is liened in this country and because the amount is payable in dollars that this is done.

Mr. O'NEAL. Is it a revolving fund?

Mr. STEVENS. No. As any litigation comes up we are obligated to put up a bond to release the cargo.

The CHAIRMAN. This is to protect our interests?

Mr. STEVENS. In our lend-lease cargo. Cargoes are not permitted to be tied up in court and held for private litigation. Such cargoes must be sent on to their war purposes.

The CHAIRMAN. What do you do with this \$1,500,000? How is it expended and who spends it?

Mr. STEVENS. It is an allocation to the War Shipping Administration which pays the bills for general average when they are finally determined. You may have to give a bond today to release a cargo and general average proceedings are very slow. It may take 2 years before the general average is assessed.

The CHAIRMAN. Is any amount of this recoverable?

Mr. STEVENS. Not except as a lend-lease charge to the country on whose behalf the bond is put up.

Mr. O'NEAL. You speak of a bond. A bond is merely a promise to pay if the judgment approves. Why do you pay money out just by giving a bond?

Mr. STEVENS. We do not. The cargo is security for the claim.

Mr. O'NEAL. Where does the expenditure come from?

Mr. STEVENS. Having to pay this judgment eventually for which you have undertaken.

Mr. O'NEAL. This is actually the indemnity that you are paying out of this fund?

Mr. STEVENS. That is it.

Mr. O'NEAL. The bond feature is just deferring it?

Mr. STEVENS. Just the initial stage of the obligation.

TRANSFER OF DEFENSE INFORMATION

The CHAIRMAN. The next item is the transfer of defense information, \$1,000,000.

Mr. COX. That amount is for the transfer of specifications, drawings, and other materials to be used in Chinese arsenals in the manufacture of arms, powder, and ammunition and the maintenance of manufacturing facilities in China.

The CHAIRMAN. How is it administered?

Mr. COX. Mainly through the War Department.

Mr. O'NEAL. Why does that not come under the War Department appropriation? Why is it under lend-lease?

Mr. COX. You will remember that the Lend-Lease Act provides for the transfer of defense articles, supplies, and information. The information that was contemplated, as I remember it in the Lend-Lease Act, was just this kind of information.

Mr. O'NEAL. Off the record.

(Discussion off the record.)

Mr. TABER. This information you are transferring is information that our forces have already gathered, rather than getting it?

Mr. COX. If a private firm, for example, has developed the manufacturing of a certain kind of gunpowder, you cannot acquire the information free, whether it is du Pont or others.

Mr. O'NEAL. I thought that we had a contract where we could. It is open to everyone in a period of war.

(Discussion off the record.)

The CHAIRMAN. I take it for granted that patents are involved in a great many of these.

Mr. Cox. Yes.

Mr. TABER. I would like for you to give us a statement similar to the one that I asked for in connection with some of these other things as to each one of these items, what the expense is this year, a detailed statement that would explain just what it is, and why it amounts to that amount of money.

Mr. Cox. Yes.

(The information requested is as follows:)

TRANSFER OF DEFENSE INFORMATION

No lend-lease funds have been used for the transfer of defense information to China during the first three-quarters of fiscal year 1944.

The \$1,000,000 for this purpose in the fiscal year 1945 Budget is for information requested by the Chinese in connection with the construction of arms and ammunition manufacturing facilities in China. This money will be used to purchase in the United States specifications, blueprints, and engineering advice for such facilities, to procure from American citizens the right to use certain secret formulas and processes, and to pay the expenses of American engineers who will go to China to aid in the construction.

GREEK SEAMEN'S HOME

The CHAIRMAN. The last item, \$25,000 for the Greek Seamen's Home, has already been explained by Admiral Land.

RESERVE FOR V-LOAN GUARANTIES

The CHAIRMAN. The next item is in exhibit 3 under category 9, "Reserve for V-loan guaranties, \$35,000,000." Will you explain that?

Mr. Cox. As you doubtless know, the V-loan procedure has been used by virtually all the branches of the Government engaged in war procurement to stimulate the production of war materials by assuring, through a loan guaranty to the private banks, that they will not have to stand the losses of a collapse, or the termination of the war program. This V loan credit which has been authorized with respect to lend-lease contracts amounts to \$34,742,996. It covers eight major types of cases, six of which are dehydrated foods, one involves lumber, and the last involves engine generating units and parts. These are all handled through the War Department for the Foreign Economic Administration.

I have a chart here which shows the detailed facts on the amount advanced and the amount repaid and the amount of loans outstanding as of February 29, 1944.

Mr. TABER. How would you get as large an amount of money as \$35,000,000?

Mr. Cox. In many of these cases, particularly in the case of dehydrated foods, for example, to get the production of dehydrated foods we had to finance capital facilities, and the facilities were financed through the V-loan procedure whereby the private banks, in the first instance, did the financing. However, there had to be an underwriting agreement on the part of the Government under the V-loan procedure to guarantee the banks against loss.

The CHAIRMAN. Are any of these loans in default?

Mr. Cox. I do not think so; not a single one.

The CHAIRMAN. What is the rate of interest?

Mr. Cox. 4 to 5 percent.

The CHAIRMAN. They are current as to interest and principal?

Mr. Cox. Yes.

Mr. O'NEAL. You estimate that the losses will be this amount?

Mr. Cox. This is a guaranty fund.

Mr. O'NEAL. You do not expect that all the \$35,000,000 will be spent?

Mr. Cox. No.

The CHAIRMAN. As a matter of fact, if this is a revolving fund and money comes into the fund as well as drafts upon the fund, why is it necessary to have \$35,000,000? Why is it not self-sustaining?

Mr. Cox. I believe that the income does not come at the same time and rate as the expenditures, or the claims which may be made against the fund.

Mr. O'NEAL. Have you had any experience in 1944 as to the use of a similar fund, or did you have such a fund?

Mr. Cox. We did.

Mr. O'NEAL. I mean 1944 fiscal year. If we could get a statement of what this fund did last year, we might be able to foretell what might happen.

The CHAIRMAN. Apparently this is merely a guaranty.

Mr. TABER. It is guaranteed by the War Department, according to this table. It is not guaranteed by you people.

Mr. Cox. We indemnify the War Department. For administrative reasons the War Department already has a staff to set up to handle the V-loan procedure. Instead of our setting up a new staff, they handle it for us as an agent. As agent they would not make a guaranty unless there were funds to back it up.

The CHAIRMAN. If your funds keep liquid, you will not need this \$35,000,000?

Mr. Cox. Yes, we will; because credit has been authorized in the amount of \$34,700,000. I do not see how you can guarantee without having the funds available to back up the guaranty.

Mr. O'NEAL. Is all this production for lend-lease uses?

Mr. Cox. Oh, yes.

The CHAIRMAN. If the loans are all paid, there will be no draft on this fund?

Mr. Cox. But you cannot answer that question until the war is over practically.

Mr. LUDLOW. Is the Government underwriting applicable only to lend-lease procurement?

Mr. Cox. No. All war procurement is run under the same V-loan procedure.

The CHAIRMAN. You do not expect any of this to be paid off after the war is over?

Mr. Cox. The cumulative advances up to February 29, 1944, have been \$96,682,230.06.

The CHAIRMAN. You do not expect any of this to be paid after the war is over? In other words, it is now or never. If it is not paid now, it will not be paid after the war is over.

Mr. Cox. No, but not knowing when the war is going to end, we cannot say. If the war, for example, lasts for 2 years, there will be payments called for periodically during the course of the war. These may all be paid up. If you assume a period that might be so. At the time you would have to take a loss on the guaranty after the war is over if the repayments have not been made in accordance with the agreement.

Mr. TABER. The amount outstanding currently, according to this table that you have given us, is \$9,000,000, and the guaranty is \$9,101,407.15.

Mr. Cox. That is right.

Mr. TABER. That gives us a picture of the current status. Is not that table correct?

Mr. Cox. Yes; but the guaranty on the amount outstanding is \$8,000,000. The amount guaranteed by the War Department as agent for the Foreign Economic Administration is \$31,000,000.

Mr. TABER. That is not what this table shows. That means that the cumulative amount that has been guaranteed?

Mr. Cox. No.

Mr. TABER. That is not the amount outstanding that is guaranteed? You have the amount outstanding over here as \$9,000,000.

Mr. TABER. A guaranty of \$31,000,000 is something else? That is the amount that has been outstanding on the whole thing. The amount that is guaranteed on what is outstanding at the present time is \$8,101,000.

Mr. Cox. That is right, but the amount called for under the agreements made by the War Department is \$31,000,000 and the amount actually outstanding is——

Mr. TABER. The amount of credit available to the borrower is \$34,000,000, but evidently \$3,000,000 is advanced by some local bank or someone of that character.

Mr. Cox. The entire \$34,000,000 would be advanced in private loans, but \$3,000,000 of this would not be guaranteed by the War Department.

Mr. TABER. And the \$31,000,000 is the amount the War Department would guarantee if there was that much hanging, but it is very evident that the amount hanging is \$8,000,000, according to this table.

Mr. Cox. That is right, but the borrowers may call for loans in the full amount of \$34,000,000.

Mr. TABER. I think that we ought to have this table in the record, or else we ought to have it available so that we can use it.

The CHAIRMAN. We will file it with the clerk.

Mr. Cox. All right, and we shall furnish a statement in explanation of the table.

(The statement referred to is as follows:)

V-LOAN GUARANTIES

Under the authority of Executive Order No. 9112, the War Department guarantees private loans to manufacturers of articles procured for the War Department. In connection with lend-lease procurement by the Department of Agriculture and the Procurement Division of the Treasury Department it became apparent in a number of instances, especially in the newer field of dehydration and compression of foods, that similar guarantees were desirable to obtain working capital loans to companies which were willing to enter the field or to enlarge their production capacity in order to handle contracts for lend-lease requirements.

Under authority of Executive Order No. 9336, arrangements were made by the Foreign Economic Administration to use the facilities and machinery of the War Department in arranging for such financing on the basis of an agreement that Foreign Economic Administration would indemnify the War Department for guarantees made on our behalf.

In the table shown on page 239, there is reflected a total authorized credit available to borrowers of \$34,742,996 of which the War Department has guaranteed on our behalf a total of \$31,202,247. This revolving credit is of such a nature that the borrower may at any time, within the limits of certain formulas established for borrowing, call upon the private financing institution to extend the full amount of authorized credit.

Status of V-loan guaranty program as of Feb. 29, 1944¹

Name of borrower	Purpose of loan	Credit now available to borrower including amount outstanding	Percent guaranty	Amount guaranteed by War Department on behalf of Foreign Economic Administration	Amount advanced		Amount repaid		Amount of loan outstanding current month	Guaranty on loan outstanding
					This month	Cumulative	This month	Cumulative		
Mid State Frozen Egg Corporation.	Processing dried eggs	\$4,000,000	90	\$3,600,000	\$2,325,704.10	\$15,860,076.85	\$2,324,228.04	\$14,633,224.27	\$1,226,852.58	\$1,104,107.32
Marshall Products Co.	Dried eggs	5,000,000	90	4,500,000	331,000.00	6,820,138.70	394,044.16	5,803,123.53	966,015.17	869,422.65
George Jack and Co.	do	750,000	90	675,000	155,492.84	2,263,208.70	35,078.40	1,970,011.42	293,197.28	293,877.55
Monark Food Product Co.	do	500,000	70	350,000	274,187.00	2,210,177.73	286,977.87	1,944,990.73	274,187.00	191,930.90
Albert F. Goets Inc.	Compressed meat products.	450,000	90	405,000	358,000.00	1,623,000.00	224,820.20	1,215,071.37	407,928.63	367,135.77
Sardik Food Product Corporation.	Dehydrated tomato products.	2,000,000	95	1,900,000	400,000.00	2,400,000	418,000	1,656,000.00	944,000.00	896,800.00
J. M. Julian Co.	Dehydrated vegetable products.	150,000	90	135,000	16,200.00	107,279.77	34,778.10	54,710.83	52,562.94	47,306.65
Tenford Danchus & Co.	Dried eggs	8,750,000	90	7,875,000	1,640,653.84	29,218,280.17	3,673,311.44	28,425,171.61	793,108.56	713,707.70
T. Jensen & Sons	do	300,000	90	270,000	270,000.00	2,120,701.25	400,000.00	2,120,701.25		316,120.72
A. A. Walters & Sons	Dehydrated soup products.	500,000	90	450,000	87,000.00	500,000.00	55,634.76	148,754.76	351,245.24	
Harry M. Liggett	Dried eggs	1,000,000	90	900,000	235,405.58	4,346,382.35	378,233.56	4,201,076.57	145,305.78	130,775.20
F. M. Stamper Co.	do	7,500,000	90	6,750,000	4,418,890.58	22,455,403.54	6,912,046.32	21,138,762.61	1,286,715.93	1,138,044.34
E. H. Speigel	Dehydrated vegetable products.	1,000,000	90	900,000	350,000.00	2,920,000.00	192,000.00	2,401,751.20	618,248.80	466,423.92
American Dietetics Co. Inc.	Dried foods	300,000	90	270,000	20,000.00	283,500.00			280,500.00	290,550.00
Pasty Foods Co.	do	125,000	90	112,500	85,500.00	136,000.00	50,500.00	50,500.00	85,500.00	76,950.00
Processed Foods Co.	Dried soup powder	150,000	90	135,000	67,500.00	273,500.00	53,310.00	177,700.00	95,800.00	86,220.00
McDonald Lumber Co.	Manufacturing of hand-axes etc.	150,000	90	135,000	30,000.00	171,000.00	13,400.00	59,400.00	111,600.00	100,440.00
Doughboy Mills Inc.	Dried foods	1,000,000	90	900,000	846,000.00	1,546,000.00	672,157.96	1,071,157.96	474,812.04	427,357.84
F. B. Huxley & Sons.	Dehydrated foods	500,000	90	450,000	75,000.00	453,000.00	59,154.54	59,154.54	393,845.46	354,460.91
Sammer Food Products Co.	do	292,996	75	213,747	292,996.00	292,996.00	292,996.00	292,996.00		
dwest Dehydrating Products Co.	do	100,000	90	90,000	63,430.00	163,430.00	63,430.00	63,430.00	100,000.00	90,000.00
Pacific Enterprise Products Co.	Manufacturing general-ators.	225,000	80	180,000	49,000.00	294,000.00	39,467.90	39,467.90	224,532.10	179,625.68
Total.		34,742,996		31,202,247	12,292,149.94	96,682,230.06	16,574,770.75	87,647,242.55	9,034,987.51	8,101,407.15

¹ Allocations to War Department, \$35,000,000.

In accordance with the arrangements for indemnification of the War Department by Foreign Economic Administration, it has been necessary for us to maintain a fund with the War Department to indemnify them to the full extent of their guaranties on our behalf, \$31,202,247. To avoid the necessity for individual processing of allocations of funds as each loan application is approved, a reserve of \$35,000,000 has been established. Against this amount the above table indicates that a cumulative total of approximately \$96,000,000 has been advanced, of which approximately \$87,000,000 has been repaid.

The outstanding loan figure of \$9,034,987, as of February 29, represents a very low point in the outstanding loans to the largest borrowers. For example, there were advances totaling only \$3,000,000, as of February 29, on the loans to the three largest borrowers shown on the above table. We expect to receive from these three borrowers applications for renewal of loans totaling \$21,250,000 of which 90 percent will be guaranteed. In addition, we have pending at the present time five loan applications totaling \$6,600,000. It is therefore anticipated that the present reserve of \$35,000,000 will be used to the fullest extent.

There have been no losses incurred against the current reserve of \$35,000,000 and it is now requested that the reserve be continued during the fiscal year 1945.

CHANGES IN BUDGET LANGUAGE

The CHAIRMAN. We will now turn to changes in the Budget language, Document No. 566, page 17. All the changes proposed are clear until we get down to this new division B, which was formerly C, relating to administrative expenses. That change arises because of the fact that the administrative expenses for the former Lend-Lease Administration are now a part of the budget estimate for the Foreign Economic Administration.

Mr. Cox. Yes.

The CHAIRMAN. What remains in this category is allocations to the Treasury Department and War Food Administration.

Mr. Cox. That is right.

The CHAIRMAN. The next change relates to special deposits or receipts for money and property converted into money and received from lend-lease goods that have been sold and this language is to permit you to consolidate that money with your appropriations?

Mr. Cox. That is right.

The CHAIRMAN. I believe all the other changes are easily understood. There are changes in the dates necessary because of the new fiscal year, and there is also a change to consolidate the estimated unobligated balance which we have previously discussed.

Mr. O'NEAL. Is there a statement appearing anywhere in the record showing the cash returns coming in through your activities?

Mr. Cox. Yes.

Mr. O'NEAL. Is it broken down? Is that in one place?

Mr. Cox. It is broken down.

Mr. O'NEAL. There will be a statement.

Mr. Cox. Yes.

Mr. LUDLOW. And there is a complete statement on reverse lend-lease also?

Mr. Cox. Yes.

DRUG AND HEALTH SUPPLIES

(See p. 226)

Mr. TABER. Does anybody know anything about this drug item? There is not any evidence so far to support it. I do not know what you want to do. I am going to call it to your attention. If there is any justification for it, it should be presented to the committee. So far there has not been any presented. I am making that comment

and it is up to you. If there is any justification for it, all right; otherwise, I do not see how the committee could allow it. Perhaps the committee will feel otherwise, but I will not vote to allow it on no evidence. There is a \$16,000,000 estimate for drugs, and so forth, and there is no evidence except that it would be available in the United States if the funds were provided. There is no evidence of any need or anything else that would justify making the appropriation.

The CHAIRMAN. Who initiated this request?

Mr. Cox. The request was initiated by the Chinese Government through the Chinese Defense Supplies and its medical representatives here and the United Kingdom, through its medical representatives here. I would say, as a good lawyer, Mr. Taber, I think you are right. There was a gap in the testimony. I think that I can give you the story on the need.

The CHAIRMAN. And who approved it.

Mr. Cox. It was screened by the F. E. A. representatives, who approved it after the screening; that is, the F. E. A. representatives and the people expert in the drug and medical field. The reason for the difference in the presentation of this item arises—and I think the committee ought to know this in terms of the history of the way medical supplies have been handled—arises from a distinction which was originally drawn between medical supplies that went to the armed forces and medical supplies that went to civilians where you could draw the line. For example, in England in the blitzed area during the heavy blitz, medical supplies were made available to people not in uniforms as essential civilians. Then for a while, because the medical supply situation was so absolutely tight, all procurement of medical supplies was put into the Surgeon General's office because the predominant user was anticipated to be our own armed forces. Therefore, they ought to take the incidental part of the procurement too. In one of the interim stages no distinction was made between medical supplies which were made available for military personnel and medical supplies for essential civilian personnel.

Now, the distinction for administrative purposes has been drawn again, and because the W. P. B. allocation procedures have been set up and the supply is much less stringent than it was before, there is up for consideration the question of whether the War Department should continue to procure the medical supplies for all the agencies of the Government, or whether the War Department should procure only for the armed services. That has not been decided yet. I think there is no doubt, however, as to the need of supplies for civilian purposes.

For example, there is a need in China and in the United Kingdom for medical supplies even though they do not go to soldiers. If a Chinese city is bombed, there may be medical supplies made available to civilians, and that in substance is the part that is covered by this appropriation request.

The part that goes directly to the armed forces will be covered in the hearings that are now going on before the military subcommittee of this committee.

The CHAIRMAN. You made reference there to the United Kingdom. As a matter of fact, you discussed only China. What about the United Kingdom and other countries?

Mr. Cox. To follow that analogy through, if you have a bombing in England by German aircraft, you have need for medical supplies

which go to people who are civilians. Now, those would move under this program rather than under the procurement program of the Army.

Mr. LUDLOW. Has there been a shortage of local supplies?

Mr. COX. There has been of certain types. In terms of the use of medical supplies, both in the United Kingdom and China, the provisions here are minor parts of the need. These supplies are to supplement those things which they are not able to produce themselves.

Mr. LUDLOW. How did you arrive at the amount?

Mr. COX. The amounts were arrived at on three major considerations:

One, the request of the foreign government's medical experts; two, a judgment as to availability of the supply; and, three, the past experience as to what was furnished for civilian use previously to these countries.

The CHAIRMAN. In brief, the needs of the countries and governments have been examined in the field. Their needs and what they are able to procure have been examined and gone over by the F. E. A. and other agencies, and it has been determined this is the amount they need and cannot be secured from any other source?

Mr. COX. That is right.

Mr. O'NEAL. He said, "screened." "Screened" has a double meaning. Now, a screen also conceals.

Mr. LUDLOW. A screen also lets things go through.

Mr. O'NEAL. Perhaps that is the proper word in this case.

The CHAIRMAN. The two essential things are—and they seem to have been determined in the field and by competent authorities after thorough examination—first, that they need these supplies; second, that they are unable to procure them from any other source.

Mr. COX. That is right.

The CHAIRMAN. This appropriation is the only hope of their securing them.

Mr. COX. That is right. I think the committee ought to understand that this is not itemized with the same degree of detail, for example, as some of the other items have been worked out, such as food, where we give so many pounds of lard.

Mr. LUDLOW. Do the requests of these countries exceed the estimates?

Mr. COX. Yes.

The CHAIRMAN. What is included there in the British Empire outside the United Kingdom? That includes New Zealand, I take it, and what other countries?

Mr. COX. Those have been greatly reduced. They include Australia, and there is a relatively small program, as the note indicates, for Southern Rhodesia and the British Colonies like Ceylon, and so forth.

Mr. LUDLOW. I think it might be informative if they tell us what they requested, showing what they thought their needs were.

Mr. COX. I can get that information for the record.

Mr. TABER. Has anybody checked up on their inventories of these things so as to know whether we are spreading out or whether we are just taking care of a bare necessity? I feel that in a good many cases we are getting into too much inventory just like a lot of that material we spoke of yesterday where it appears the results of a lot

of operations were a tremendous surplus of things. You heard that yesterday.

Mr. COX. We are very much concerned about that problem, particularly in the case of medical supplies.

Mr. TABER. I do not want to be niggardly in taking care of sick folks; on the other hand, I do not like to see a stock of material built up that will last for 10 or 12 years.

Mr. COX. I agree with you. I would like to make one comment on that—

Mr. TABER. You know in that testimony yesterday it appeared that while it was in civilian hands there was a stock of material that was piled up that would carry us way beyond the next harvest. I do not want to get into that kind of situation just because we do not ask questions about it.

Mr. COX. I agree with you, and I would like to make one central point on that. Because the procurement of drug and health supplies has been handled during the main course of the war by the Surgeon General's office, the virtues of centralized procurement have been achieved. It is contemplated that either the procurement will be handled through the War Department, or if it is handled in any other way before any other new supplies are procured in this area with lend-lease finances, there will be a recheck of what the Surgeon General has on hand which can be made available.

Mr. TABER. And what is on hand in the hands of the beneficiaries of this program?

Mr. COX. That, we check on constantly.

Mr. TABER. Will that be done thoroughly before we proceed to spend this money and before you send the drugs over?

Mr. COX. We have periodic reports. The two things that we are concerned about are, one, the inventory position of the recipient country, and, two, the need of the recipient country relative to the time when we are going to procure the material and make it available. Even if the need is clear now and the inventory position is short now, before the drug is procured there is a recheck. Our mission in London gets regular periodic inventory reports on every supply under lend lease which goes to Britain. In addition to that we send back, if there are any gaps and we feel the need for information, and ask them for specific information about the use, the need, and so forth.

Mr. TABER. I would hope that you would not dissociate your procurement from other procurement because I would not like to see a separate inventory set up.

Mr. COX. We do not want to.

Mr. TABER. That is the thing that disturbs me.

Mr. COX. It disturbs us, too. We would rather have centralized procurement, not only for inventory reasons but for efficiency reasons. If one agency of the Government is procuring a certain supply it is much easier for it to bulk all other needs. It means you have only one inventory, and the proliferation of inventories is undesirable for many reasons.

Mr. LUDLOW. Is this item of medical supplies applicable only to the British and the Chinese and not to be used for soldiers?

Mr. COX. That is right.

The CHAIRMAN. These are the bare necessities. This is the minimum amount estimated for immediate operations of the war program?

Mr. Cox. That is right.

Mr. LAMBERTSON. It is disturbing to me how we are going to discontinue this after the war effort. If this is for the war effort, every extra item they get is a wedge to continue it after the war—indefinitely. We ought to be particularly cautious about initiating any programs that are not directly connected with the war effort.

WEDNESDAY, MAY 10, 1944.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

STATEMENTS OF DEAN ACHESON, ASSISTANT SECRETARY OF STATE; MAJ. GEN. LUCIUS D. CLAY, DIRECTOR OF MATÉRIEL, ARMY SERVICE FORCES; LEO T. CROWLEY, ADMINISTRATOR, AND OSCAR S. COX, GENERAL COUNSEL, FOREIGN ECONOMIC ADMINISTRATION; MAJ. GEN. JOHN H. HILLDRING, SPECIAL STAFF, WAR DEPARTMENT

JOINT MEETING OF DEFICIENCY AND WAR DEPARTMENT SUBCOMMITTEES ON FOREIGN RELIEF

The CHAIRMAN. Gentlemen, we have an estimate here from the Bureau of the Budget, transmitted in House Document 572, asking for an appropriation of \$450,000,000, with an authorization to use \$350,000,000 of lend-lease funds, aggregating a total of \$800,000,000 of the \$1,350,000,000 which I believe Congress authorized for U. N. R. R. A.

We have asked the Subcommittee on Appropriations for the War Department to sit with us today, so that we might get a common view of this matter. Then we will take up with Mr. Crowley the timing and servicing of the program. For the present we will have a statement from Mr. Acheson, who presided so ably at the first session of the Council of the U. N. R. R. A. at Atlantic City last winter. We should like to have a statement from Mr. Acheson both as to the nature of his organization and as to the power, authority, and functions of the international organization.

The reason both subcommittees are concerned is that, in addition to this estimate which we have here for \$800,000,000, an estimate has also been submitted which has been referred to the subcommittee for the War Department, presided over by our colleague, the gentleman from Pennsylvania, Mr. Snyder, asking for \$562,000,000, to be spent under somewhat similar circumstances by the Army in countries which they occupy and before U. N. R. R. A. can take over.

We should now be glad to have Mr. Acheson give us an over-all statement both as to his organization and the functions of the international organization.

Mr. ACHESON. Thank you, Mr. Chairman.

The CHAIRMAN. I might say that General Clay is also here and in a position to give us information, as well as General Hilldring, and other gentlemen.

Mr. ACHESON. Mr. Chairman, I want to take this up in any way that you wish. It seemed to me that perhaps the best way to start out would be to read a statement which has been agreed upon by the War and State Departments and the Foreign Economic Administration as to the relationship between the War Department's activities and the other relief activities that will follow it; and answer any questions you might have on that. Perhaps General Clay will make a similar statement and, later on, if you want me to go into the details of U. N. R. R. A., I shall do that.

JOINT STATEMENT OF WAR DEPARTMENT, STATE DEPARTMENT, AND
FOREIGN ECONOMIC ADMINISTRATION

The CHAIRMAN. We should be glad to have your statement at this time.

Mr. ACHESON. This is the joint statement of the three agencies:

The exact pattern of the operations which will follow the establishment of the second front in Europe is impossible to foretell. Whatever the eventualities preparation must be made as a matter of military or political necessity, as the case may be, to meet the essential needs of the civilian populations liberated from German control.

Because of the speculative character of military operations, it is not possible at the present time to present to the committee a precise program of the civilian requirements for the various countries in Europe. However, an indication can be given to the committee as to the outlines of the possible needs, to the nature of the several situations which may arise during the initial period, and to the mechanisms which will be available to meet those situations.

Insofar as the armies of the United States participate directly in military engagements, the War Department will provide as an integral part of its supply program this country's share of such supplies as are needed to maintain the civilian populations. The dictates of military necessity and the requirements of international law place upon invading armies the responsibility for the security of civilian populations which fall within their control. In conducting their military operations the armies must take such measures as are necessary to avoid disease, unrest, and interference with supply lines. The War Department is, therefore, including in its appropriation a request for funds to make available essential civilian supplies to the populations in areas which will most probably be affected by our own military operations. Since to a large extent these areas will be the scene of combined operations, the War Department's request for funds covers only the estimated United States' share of the responsibility.

If the opening of the second front precipitates the collapse of Axis resistance, the armies may be able to turn over the control of large sections of Europe to the indigenous governments. In such event the United Nations Relief and Rehabilitation Administration, in cooperation with those governments, or in certain appropriate cases those governments alone, should be able to shoulder the burden of civilian supply.

On the other hand, the Germans may withdraw from certain parts of Europe but continue fighting elsewhere. Military control may be necessary initially, and it will not be possible in practice for the United Nations Relief and Rehabilitation Administration to assume responsibility at the beginning, although it may be called upon at the outset by the military to assist in certain supply activities where the use of its trained personnel is advantageous. Furthermore, in certain areas the necessary military-control authorities may not include any substantial body of United States troops. Where these conditions prevail, it is proposed to procure essential civilian supplies for such areas out of funds appropriated to the Foreign Economic Administration for lend-lease purposes. Under these conditions and upon the request of the War Department, these supplies will be turned over to the War Department, which will assume the responsibility of shipment, and the goods will be distributed under the direction of a responsible allied military authority. It is not now possible to determine the precise areas in which it may prove necessary to use lend-lease funds in this manner to maintain the civilian economy at a minimum level for that presumably brief period in which military control will be necessary. Therefore, no amount has been budgeted for this purpose. Accordingly, this situation represents a contingent requirement for lend-lease funds.

The interested agencies have given careful study to the various situations under which it may be necessary to make civilian supplies available in Europe during the military period. Arrangements similar to those outlined herein are being developed for the Far East.

Mr. ACHESON. Mr. Chairman, may I add one word to that, and then answer any questions the committee may have?

All the way through the negotiations on the United Nations Relief and Rehabilitation agreement, and all through the resolutions which were passed at Atlantic City, we have had, under the instructions of the President and the War Department, one very clear rule, right from the very beginning: that no international organization or civilian organization of any sort should be allowed to go into any area which is a scene of military operations until asked to do so by the military authorities. They have no right, no privilege of any kind, of coming into a military area, or doing anything in such an area, where they would be getting in the way of troops in any possible way, unless and until the military commander asks them to come in. That is in the U. N. R. R. A. agreement; it is in the resolutions, and it is an absolutely firm understanding and policy.

Everybody realizes fully that if military operations are going on, not only the control of the whole area where the operations exist, but in all of the supply lines leading to such military area, whether on the ocean or on land, and all port facilities and transportation facilities, must be in control of the military people, and nobody else should be shipping anything or administering anything or in any way interfering with those operations until they are asked to do so.

That is the underlying conception which goes all the way through here. I just wanted to make that clear to the committee.

The CHAIRMAN. Before members of the committee ask Mr. Acheson any questions, we should be glad to have a general statement from General Clay at this time.

GENERAL STATEMENT OF GENERAL CLAY

General CLAY. Mr. Chairman, I would simply like to subscribe to what the Assistant Secretary of State has just said, and to say that we are continuing in this to follow the pattern which has been followed

in Italy. In our operations in Italy to date we have necessarily had to provide for and take care of the civilian population behind the lines, to avoid confusion, chaos, pestilence, and disease. It has been an integral part of our military operations; and, in fact, we necessarily had to land supplies for that purpose very shortly after the first beach landings were made in Italy.

We feel that in the invasion of western Europe we must follow a similar pattern; that we must have the supplies and equipment necessary to sustain a minimum economy, in our lines of communications, if our military operations are to have success.

We do not feel that this can be done apart from the military operations, because all of the transportation facilities which are in existence at the time are overtaxed. There has to be complete coordination in the use of beaches, ports, and all other facilities for moving supplies.

Hence we have requested, and included in our estimate, funds to sustain a minimum civilian economy behind our fighting lines in western Europe. We feel that that is a very vital part of the military program for invasion. It is our desire in the War Department at the earliest possible date military operations will permit, to cease this as a military responsibility and to turn it over to the appropriate agencies for the purpose. In many instances that appropriate agency will be U. N. R. R. A. which, as I understand it, is prepared to deal with the indigenous governments when they are established. In other areas there will be a twilight zone. That is particularly true in those sections of Europe in which we do not participate as an army, although we have a vital interest in the military operations.

We have confined our request to those funds required behind our own armies where there are combined operations, including the United States. In areas where other armies may operate and where our military participation will be quite limited, we have urged that the Foreign Economic Administration make the necessary arrangements to support the United States' share of participation in those areas.

TOTAL PROSPECTIVE COST OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

The CHAIRMAN. I recall that a speech was inserted in the Congressional Record recently by a Member of Congress, discussing this matter, in which the prediction was made that in addition to the \$1,350,000,000 which was authorized by Congress—I think that statement was made at the time the matter was under discussion on the floor of the House—an additional \$1,350,000,000 would be spent by the Army. So that, instead of the United States actually contributing to the international organization \$1,350,000,000, as a matter of fact, the amount which actually would be contributed would be much nearer \$2,700,000,000.

Then, in the hearings before the Senate committee on the authorization of U. N. R. R. A., General Hildring, I believe it was, made the statement that \$21,000,000 worth of supplies had been shipped by the Army into Italy, into the occupied zones, for such purpose as this,

for the relief of the local population who were, of course, following the invasion by the Americans, found to be in a deplorable condition of destitution; and General Hilldring made the statement to the Senate committee that out of the \$21,000,000 all but 5 percent had been paid in Italian money. So that the net cost, up to the time that the report was made—and it may be 100 percent by this time—but when the report was made, out of this large disbursement of incalculable value not only to the relief of a suffering people but in the establishment of amicable relations of those people with the Army, the cost to the United States would be 5 percent.

Now, these two estimates have come in here separately: An estimate of \$800,000,000 to the deficiency subcommittee, and an estimate of \$562,000,000 submitted to the committee of which Mr. Snyder is chairman. Our purpose in meeting together today is to establish the line of demarcation between the administration of these two funds.

We shall not go into details, either of the \$800,000,000 estimate or the \$562,000,000 estimate, at this time. We will just discuss the general over-all policy, so that the two committees may have a mutual view of the situation, and so that we may get some understanding as to how the Army appropriation is to be administered and how the U. N. R. R. A. appropriation is to be administered; so that we may understand that there will be no conflict and no overlapping between the two.

Mr. TABER. Are there any other funds, Mr. Chairman, that would be available for this purpose, besides these two?

The CHAIRMAN. I was just going to say that there was a portion of lend-lease funds for this current year that could be used for relief in Africa. I wonder if we could get a general summary of the over-all administration of that fund, and these two funds proposed now; and in that connection I would also like to ask what amount was disbursed for this purpose during the last war, the First World War, if you can tell us, Mr. Acheson.

AMOUNT SPENT FOR SIMILAR PURPOSES IN WORLD WAR I

Mr. ACHESON. As I recall—I have to draw on my memory—the figure was somewhere in the neighborhood of \$2,000,000,000. That is disclosed in the hearings before the House Committee on Foreign Affairs, and if you want me to look up the exact figures, I can do so in a few minutes.

The CHAIRMAN. You may supply that for the record, if you will.

Mr. ACHESON. The situation in that war, of course, was far different from the one confronting us now, Mr. Chairman. In that war it was not a question of reoccupying areas which the enemy had occupied. What we were then dealing with was mostly post-armistice relief in eastern Europe. That is where most of it went. There was some in France, but a good deal of it was in eastern Europe—Czechoslovakia, Austria, and that part of the world.

Here you have a different situation, because your armies are landing in areas where the enemy is now in control. Therefore, the Army, when it establishes itself, has to take over the responsibility for that part of the country which it has occupied. So you have an additional responsibility now which you did not have in the last war; and simi-

larly the areas which are going to be liberated will have been despoiled by the enemy in this war in a way in which they were not in the last war. So we have a much more serious situation.

The CHAIRMAN. May I say, as I indicated at the outset, that Mr. Acheson has rendered distinguished service in the organization of the U. N. R. R. A., as presiding officer at the first meeting of the Council; and we have had a statement from Mr. Acheson. We have with us, also, General Clay, who is an old friend, I think, of every member around the table. We have had dealings with him for many years. I should like to have any member of the committee who now wishes to go into the matter of the differences between these two funds and how the two funds will be administered.

Mr. ACHESON. I have these figures now of the amount spent for similar purposes in the last war, Mr. Chairman.

The CHAIRMAN. We shall be glad to have that, Mr. Acheson.

Mr. ACHESON. This is from page 101 of the hearings before the Foreign Affairs Committee of the House of Representatives, on House Joint Resolution 192. I was asked the question which you asked me, Mr. Chairman, and I said this:

As I recall it, the total cost to us of financing relief and rehabilitation in continental Europe during and after the last war was approximately \$2,600,000,000. This amount was about 4.1 percent of our national income for 1919, although the problem after the last war was infinitely narrower than it is today, and will be tomorrow—the devastation was less, there were fewer displaced people, and the geography of the problem was less global. In short, the cost of relief during and after the last war was four times greater in proportion than the estimated cost to us of our share in United Nations Relief and Rehabilitation Administration.

The CHAIRMAN. May I ask there, Did that include the expenditures by our Army in addition to other amounts? Was that the entire cost?

Mr. ACHESON. As I recall it, Mr. Chairman, there were no relief expenditures by our Army, because our Army did not occupy any areas which had to be relieved.

The CHAIRMAN. And our Army made no disbursements of that character in the last war?

Mr. ACHESON. I believe not. Continuing my quotation from the hearings before the Foreign Affairs Committee:

Of that \$2,600,000,000, some \$2,300,000,000 represents United States Government loans directly or indirectly for relief and rehabilitation. Approximately \$1,000,000,000 of the \$2,300,000,000 were loans directly for relief purposes, primarily for foodstuffs. The remaining \$1,300,000,000 was spent by foreign governments for relief and rehabilitation supplies against general credits established by the United States Treasury. Only about 10 percent of the \$2,300,000,000 of loans was repaid: the remaining 90 percent was, in effect, a gift. There was also about \$340,000,000 in gifts from private agencies and \$37,000,000 in Government gifts.

PROPOSED EXPENDITURE BY THE ARMY

Mr. WOODRUM. Of this \$562,000,000, Mr. Secretary, how much would you estimate, if you can form any estimate, we might be able to recover in the form of payments in currency from the nations assisted?

Mr. ACHESON. I find that very hard, indeed, to do, if you are referring to payment in dollars or foreign exchange, because we cannot tell exactly what areas we are going into. It seems reasonably

probable that the countries of western Europe can afford to and will pay in dollars or gold for supplies which are made available to them at least after the military period.

Mr. WOODRUM. Would it be fair to assume that half of it might be recouped in that fashion?

Mr. ACHESON. I should think that that was a fair assumption, yes.

Mr. WOODRUM. That is all.

Mr. SNYDER. Let me try to visualize what the situation will be, where the Army will do its work and when U. N. R. R. A. will come in. We will assume we are in England now and we are crossing the Channel at a certain point and we make the invasion and get to 30 miles inland. Then we hit the Atlantic wall and are held up for a long time, as we are held up in Italy. Then all of that population within that area would have to be sustained by the Army, whether it is 3 months or 6 months; is that right?

Mr. ACHESON. If it is the population which is within the American lines or lines we are holding in combination with our allies; yes.

Mr. SNYDER. That is what I am talking about, within this circle that I have indicated.

Mr. ACHESON. Yes.

Mr. SNYDER. Then we will assume that we break through 150 or 200 miles. We have to keep a road open back here, to get supplies from the Channel, and so forth. Then all of the people in this area for a hundred miles or more—a hundred miles over here and a hundred miles over there—would have to be sustained. And if I understood rightly yesterday, someone before my committee said that they assumed after the fighting stopped, and they got adjusted, U. N. R. R. A. could take it over, but that that would be an average of about 6 months; is that right?

General CLAY. Yes, sir; before U. N. R. R. A. could take over.

Mr. SNYDER. Let us say that it is 6 months before they can take it over. But here you have so many square miles of territory into which you have to bring supplies and out of which you have to take supplies. And you have to maintain for all of this time, whether it is 6 months or 8 months or a year, that population; is that right?

General CLAY. That is right; sir.

Mr. SNYDER. Then you would have a border line along here, on this imaginary map of mine, where the Army would have to take over, where it could not turn it over to U. N. R. R. A. as yet; is that correct?

General CLAY. That is correct; yes, sir.

Mr. SNYDER. So that, if we had invaded the continent at six different points, or even three different points, just how long it would be before U. N. R. R. A. would have anything to do with it, nobody can tell now. Some of these populations might surrender outright and they could take it over in a short time; maybe in Belgium or Denmark or Norway. In others the fighting might go on for a year, and the Army would have to continue spending money to take care of that civilian population of perhaps a million or two million people for a whole year; is that right?

General CLAY. That is right; yes, sir.

Mr. SNYDER. That is all, Mr. Chairman.

CHARACTER OF RELIEF AFFORDED BY THE ARMY AND BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. STARNES. May I ask, Mr. Secretary, how many governmental agencies will participate in affording relief to the occupied countries?

Mr. ACHESON. I want to be sure that I understand your question. You mean how many will participate in the whole operation or how many will be in the country?

Mr. STARNES. In the whole operation, so far as the United States is concerned.

Mr. ACHESON. I think that during the first period, when the Army is in control, the Army will be the only agency, unless the Army wishes to call on some other agency to help it. But that is entirely within the power of the Army to do.

Mr. STARNES. What is the character of relief that they will afford?

Mr. ACHESON. I think General Clay can answer that better than I can.

Mr. STARNES. Please let him answer, then, because I have a series of questions that I want to ask. What is the character of relief that will be afforded by the Army?

General CLAY. The character of relief afforded by the Army during that period is what we call basic minimum essentials. It contemplates a ration of 2,000 calories a day, which is deemed to be the minimum ration at which a civilian population can be safely supported, with the Army providing only that difference between the indigenous ability of the country to provide for itself and its inability to meet its own requirements; fuel, a very limited ration of clothing, of medical supplies, sanitary supplies, and a small quantity of supplies for transportation purposes, to move the items necessary which have to be distributed, for the repair of some utilities in the larger cities, which would be a part of the lines of communication. Of course, I am speaking only of relief activities. It is assumed that the support of the war effort by our allies which may develop in these areas would continue to receive direct lend-lease aid.

Mr. STARNES. That is the initial phase.

General CLAY. That is the initial phase.

Mr. STARNES. And the second phase would be U. N. R. R. A., I assume?

Mr. ACHESON. As to the second phase: When the Army releases an area and says, "We are through; we have no further need to control this area and therefore our responsibility to hold it is over; it is now up to somebody else," then one of two situations may follow. That country may be a country which can support itself. I do not mean by growing food within its areas, but it may have enough money so that it can buy what it wants to. That country then, so far as imports are concerned, is under an obligation to clear through the U. N. R. R. A. organization, so that it will not go out and buy up everything because it has a lot of money.

Then there will be other countries which have no foreign exchange. They will be completely without financial resources. Those will be very largely the countries of eastern Europe. They will not be able to import anything because they have no money which is good outside of their countries. That is where the U. N. R. R. A. organization will come in. The U. N. R. R. A. organization will be the agency which will finance their necessary import purchases.

Somewhere between 90 and 95 percent of the supplies which they will use in a country, which they will eat and wear, will be produced right in the country itself. That is not a relief problem. The local government has to take care of that. But, so far as the imported materials are concerned, U. N. R. R. A. will furnish them to any country, that cannot buy them itself because it is without funds.

When U. N. R. R. A. comes to furnish it, it will, so far as the United States is concerned, draw its materials from agencies of the United States Government. In general, U. N. R. R. A. will not have any of the funds which you gentlemen may appropriate in its own pocket, to go out and buy in the United States. It will have to come down to Mr. Crowley, who will be the custodian of the funds, I presume, and say, "Here is a requisition for Greece. We need so many tons of canned milk and so many bales of clothing, and that sort of thing." And it is to be procured through him and turned over to them. The U. N. R. R. A. will, wherever possible, sell it to the local government for its own local currency.

Mr. STARNES. Getting a little bit to the specific things, chiefly what is the character of relief that will be afforded by U. N. R. R. A.? The Army is to furnish food and clothing and medical attention and necessary utilities, primarily to prevent chaos, pestilence, and to facilitate military operations. Now, we assume that that phase has passed. That is the general character of the services that they will furnish.

General CLAY. Yes.

Mr. STARNES. Now, what is the general character that U. N. R. R. A. will furnish?

Mr. ACHESON. U. N. R. R. A. will have two broad categories of responsibility. One is in the field of services, such as health services and repatriation. We will talk about that in a minute. The other one is a supply responsibility. I think your question goes to supply?

Mr. STARNES. That is correct. I am trying to get specifically what it is that you are supposed to supply them.

Mr. ACHESON. What they propose to do is to have an agreement, reached by the various countries in an area—for instance, Europe would be one area; the Far East would be another area—as to the standards which the people propose to ask for relief. That is, how much food?—2,000 calories, 1,800, 2,500? Whatever the agreement is as to the proper standard. Then the country will have to apply against that its own production. And if it has as much as that, or more, within its country, it does not get anything from outside. If it falls below that, so it cannot come up to that standard, then U. N. R. R. A. will approve importations, drawing upon its funds made available by this Government and other governments, to bring the general level in that country up to an agreed-upon standard which will be expressed: in food, in terms of calories; in clothes, in terms of numbers of shirts or shoes, or whatever it would be. And, in addition to that, on the supply side, they would undertake to make available to the country such tools for work as are necessary to help the country produce for itself. I think that is as specific as I can be at this time.

Mr. STARNES. Is it contemplated that we will furnish them with machine tools to resuscitate their industrial life; or that we will furnish them with machinery and equipment which will set their own industries into motion again?

Mr. ACHESON. The resolutions are very specific on the point, that whatever is done to help them in the production line must be necessary for relief. That is, this organization is not the reconstruction organization. U. N. R. R. A. is not going to rebuild the industries or the houses of the country.

Mr. STARNES. Do we have any other agency in this country which will follow up the work of the Army and U. N. R. R. A. in rehabilitation and resuscitation of the industrial life of those nations?

Mr. ACHESON. That is not fully developed; no.

Mr. STARNES. That has not come out yet?

Mr. ACHESON. No.

Mr. STARNES. Mr. Crowley's organization does not come into play there—the F. E. A.?

Mr. ACHESON. Of course, one great difficulty is that there are not funds available for that. But, some way or other, either through some international banking arrangement, or through some banking arrangement of our own, we will have to get around to providing credits for countries which want to purchase in the United States. That will be one of the most important things from the point of view of our own transition from this tremendous war production.

Mr. STARNES. That has not entered the picture here yet.

Mr. ACHESON. No. There is one other contingency for which we must plan. We cannot, of course, know how long the war will last. Supply plans must be made on the most pessimistic possible assumptions about the course of the war, so that we will be ready for whatever emergencies may develop. The people of France, Belgium, the Netherlands and other Allied countries will wish to mobilize at our side. If the fighting continues for any length of time, such mobilization will become practicable and desirable. This is not a relief problem, of course, and in thinking about it we should distinguish the issue of minimum civilian relief, which we have been discussing so far, from the possibility of military and economic mobilization of the fighting resources of our allies, which will become a necessity if the war goes on for an extended period. Naturally, we would, I assume, handle such problems in Europe as we have handled them in other Allied countries so far, on the general basis of lend-lease aid. What we would turn over to troops newly mobilized in Europe, or to the guerrilla armies which will emerge with our landings, would be turned over on a straight lend-lease basis, and the same might well be true for the supplies used directly in local war production supporting the armies in the field.

Mr. STARNES. Presently in the picture are the Army, lend-lease on international aid, U. N. R. R. A., and the F. E. A.

Mr. ACHESON. That is right.

Mr. STARNES. Those four.

Mr. ACHESON. That is correct, although lend-lease is now administered by F. E. A.

Mr. STARNES. Are you able to tell yet what the over-all policy is going to cost us? I am not attempting to get into detailed figures, but I am trying to get the over-all policy; how much it is contemplated the Army will have to pay for its share in relief; what the U. N. R. R. A. will have to do; what Lend-Lease proposes to do, and what the F. E. A. proposes to do. That would give me the picture as I want it.

Mr. ACHESON. The Army's best estimate of its expenditures in this field is the one which is presented to you now. I do not suppose they could possibly foretell what the actual extent of their operations may be.

So far as U. N. R. R. A. is concerned, we have asked for an authorization of only \$1,350,000,000. If when we come to the end of that, more funds are needed for U. N. R. R. A., we will have to come back to Congress again.

Mr. STARNES. What about lend-lease?

Mr. ACHESON. Mr. Crowley or Mr. Cox had better answer that.

Mr. STARNES. Mr. Crowley, does lend-lease, generally speaking, cover what the Army proposes to do in this program, with U. N. R. R. A. going beyond lend-lease operations? Is that the situation?

Mr. COX. No. Lend-Lease and F. E. A. are one organization now. The only contingent situation that has developed here, as pointed out in Mr. Acheson's statement, is, or would be, in an area which is still under military control, but where it is primarily the control of one of the Allied armies rather than our own soldiers, and where, under the lend-lease appropriation language, supplies are shipped and made available in the area. That would be part of our military burden. A rough estimate of that, as I understand it, is about \$100,000,000.

Mr. STARNES. Under lend-lease we can send food, clothing, equipment, which would include rolling stock for railroads, machine tools, ships or shipping, whichever term you wish to use, and machinery?

Mr. COX. The test as to the availability of supplies under lend-lease is the security of the United States in terms of the war. When you set someone to making bombs or civilian supplies to keep the war workers going, that is lend-lease. But as far as relief is concerned, which would occur in areas presumably in continental Europe when all the shooting is over, that is what U. N. R. R. A. is supposed to do after the period of military responsibility is over.

You might, of course, have a government such as Yugoslavia, for example, which continued to fight through Tito and his people, and where there was a request for supplies from lend-lease, to participate in the fight. Supplies there would not be of a relief character but would be directed centrally to war-making against the enemy.

Mr. STARNES. What I was trying to arrive at was whether or not that did not have the over-all effect of affording a certain amount of relief to that country, in that we would provide them with rolling stock for their railroads, with shipping, we would provide them with machine tools and equipment—whether that did not have the same general over-all effect.

Mr. COX. I think as an incident it might be relief, but the primary standard in terms of lend-lease—

Mr. STARNES. Is military necessity, of course.

Mr. COX. Yes.

Mr. STARNES. That is all, Mr. Chairman.

ALLIED MILITARY GOVERNMENT OPERATIONS IN RELIEF

Mr. TABER. Are the expenditures that are being made or contemplated confined to the U. N. R. R. A., the Army, and the lend-lease set-up, or are there others beyond that?

General CLAY. I know of no others beyond that.

Mr. TABER. In connection with the Army, as General Clay sets it up, is there more than one set-up in the Army that is operating in this situation?

General CLAY. Only one set-up in the Army.

Mr. TABER. And what is that called?

General CLAY. That set-up in the initial stages in the theater of operations was known as A. M. G., Allied Military Government.

Mr. TABER. Italy has not gotten beyond the stages of A. M. G.?

General CLAY. It is still being operated by A. M. G. Yes; it has gotten somewhat past that stage, because we now have an Allied Control Commission which is advisory to the indigenous government that has been established in part of the area but not in all the area.

Mr. TABER. The A. M. G. is still operated in the whole relief picture, is it not?

General CLAY. Yes.

WAR DEPARTMENT EXPENDITURES IN ITALY

Mr. TABER. I am wondering if you could give us any kind of picture of what has happened so far in the Army in the line of expenditures.

General CLAY. Yes. Our expenditures in Italy, including Sicily, since we have been there up to date are approximately \$75,000,000 of United States funds. I refer, of course, to the supplies imported specifically for essential civilian supply purposes. It is estimated that our expenditures through June of this year will be approximately \$81,000,000 of United States funds including a small proportion of supplies obtained by the F. E. A. out of lend-lease funds at the request of the Army. The total expenditures will be—

Mr. TABER. The \$75,000,000 is to what date?

General CLAY. \$75,000,000 is my estimate as of the present date of the United States funds.

Mr. TABER. Does that \$75,000,000 include items that have there-after been reimbursed?

General CLAY. All of that has been or will be reimbursed in local currency except such as may have been lost in transit.

Mr. TABER. You mean that our Government has been reimbursed by the Italian people for all of that \$75,000,000 except what was lost in transit? That means between here and there, or between posts over there?

General CLAY. Between here and there and possibly in terminals and in distribution over there.

Mr. TABER. That is the Italian and Sicilian picture. Where did that reimbursement go when it was received?

General CLAY. It has been received by our people, our theater commander.

Mr. TABER. Has it resulted in a revolving fund, or has it gone into the Treasury?

General CLAY. It has not resulted in a revolving fund as far as we are concerned for the pay of our soldiers over there, for the pay of Italian labor, and for all the purchases and procurements which we make in Italy.

Mr. TABER. Out of what item in the military appropriation has that been drawn?

General CLAY. It has been primarily from subsistence.

General RICHARDS. Funds which have been spent in Italy itself?

Mr. TABER. Yes.

General RICHARDS. Funds actually spent in Italy have been largely for engineering construction and have come from "Engineer service, Army."

Mr. TABER. Out of what item in the appropriation bill have these funds been withdrawn?

General RICHARDS. As to funds for food, they have come from subsistence. They are funds which have already been spent by our Quartermaster Corps, largely in the United States, for subsistence.

Mr. TABER. Almost entirely there?

General CLAY. Yes. There would be a small amount from the engineering appropriation for some utility repair items.

Mr. TABER. All that had been supplied theretofore was in the nature of food and perhaps emergency clothing?

General CLAY. Food, emergency clothing, medical supplies, sanitary supplies have been provided, and there have been some repair materials for utilities—water, sewerage, and power.

Mr. TABER. Those items with the exception of the things that would be personal to individual Italians then would not be reimbursable, would they?

General CLAY. Yes.

Mr. TABER. They have been reimbursed by the Italian Government?

General CLAY. We have been reimbursed by the Italian Government, the people or the Government, for those things which we have done purely for this particular purpose. Of course, we have undertaken a very considerable amount of reconstruction of wharves and docks for our own use for military operations for which there has been no reimbursement and which was done entirely by our own soldiers under military necessity.

Mr. TABER. Now, the situation was such in Italy, and still is in Sicily, that the Army is continuing so far to operate what it has taken; is that not true?

General CLAY. Yes; although we have asked the State Department to be prepared to have the appropriate civilian agencies take over the responsibility for Sicily at a very early date.

Mr. TABER. In other words, Sicily is at a point where—and if you do not care to answer this for the record you do not have to—you feel that it is ready for local civilian government?

General CLAY. Not only that, sir, I think it is under local civilian government.

(Discussion off the record.)

Mr. TABER. You do not get out, however, until after military situations are in such shape that you do not need to have a complete martial government?

General CLAY. That is correct.

Mr. TABER. That applies everywhere?

General CLAY. Yes.

NATURE OF OPERATIONS IN NORTH AFRICA

Mr. TABER. Now, the North African picture: What is going on there and who is operating that situation? Is it a relief proposition or is it something that is being handled entirely by the local government?

General CLAY. I think that so far as North Africa is concerned it is being handled by the local government. We, of the Army, have no relief activities going on there and have not had.

Mr. TABER. You do not have any at all?

General CLAY. No, sir. The F. E. A., it is my understanding, have for some time had their transactions there on a cash basis and not on a relief basis.

Mr. Cox. That is right.

Mr. TABER. It was a relief measure for a while?

Mr. Cox. No, Mr. Taber. You will recall that in the last lend-lease appropriation, which was the fourth appropriation, we budgeted, I think, some \$357,000,000 for possible relief needs in support of military operations including north Africa. Since essential civilian supplies have been made available, they have been supplied under an agreement with the French Committee known as a *modus viendi*, under the terms of which military aid is supplied on a straight lend-lease basis and essential civilian supplies are paid for in cash. To date, my recollection is that the French have paid \$62,000,000 on account of somewhat over \$100,000,000 worth of supplies. They have an obligation to pay for the balance, so I would say the net cost of essential civilian supplies moving into north Africa at this point has been zero.

Mr. TABER. Are there any U. N. R. R. A. operations in north Africa at the moment?

Mr. Cox. No. The only U. N. R. R. A. operation contemplated in this area, is a refugee camp in north Africa. The question of turning over this camp to U. N. R. R. A. is now in the process of consideration.

Mr. TABER. There is such a camp in existence now?

Mr. Cox. Yes.

Mr. TABER. How many are there?

Mr. Cox. The last time I checked there were no refugees there, but that was 2 months ago. Whether there are any there or not now I do not know.

Mr. TABER. How long has that camp been in existence?

Mr. Cox. As I understand it, during the Casablanca Conference the President and the Prime Minister and the French Government agreed to work out an agreement for the setting up of a camp to take care of refugees then in Spain. Since then, they have been acquiring a site and setting up the ultimate controls necessary. I do not know at this time whether any refugees are in the camp, and if so, how many. We can get you that information.

The CHAIRMAN. We will come to that when we take up the estimates in detail.

Mr. TABER. I wanted to get the information from these people before they got away.

Now, what would you contemplate with reference to a continental invasion as to this situation: Would you figure that so long as the German resistance is acute it would be possible for the Army to turn

any of the picture on the continent over to any civilian relief organization?

General CLAY. Not while the situation in Germany is acute; no, sir, because among other things we would have to maintain control of all the ports. Whether we were actually fighting in the area or not, we would unquestionably be using and controlling all the communication facilities to support our own Army, and we would have to conduct these operations woven in with and coordinated fully with the movement of military equipment and supplies.

Mr. TABER. Everything would have to be under the control of the Army until our position was thoroughly established?

General CLAY. Yes.

Mr. TABER. And it would depend upon as to what might develop as the operations moved along as to whether or not there were any places on the continent where you could turn the picture over to a civilian set-up?

General CLAY. Yes, sir.

Mr. TABER. Off the record.

(Discussion off the record.)

RELIEF LOANS BY GOVERNMENTS OTHER THAN THE UNITED STATES AFTER THE LAST WAR

Mr. WIGGLESWORTH. I am not clear on just one point that has been touched on. That is this \$562,000,000 that the Army is requesting is wholly over and above the \$1,300,000,000 authorization for U. N. R. R. A., is it not?

Mr. ACHESON. That is correct.

Mr. WIGGLESWORTH. Mr. Acheson gave us a figure of \$2,600,000,000 for relief loans in respect to the last war. Do you happen to know what, if any, additional contributions for those purposes were made by our then allies, or was that wholly an American operation?

Mr. ACHESON. The figures I gave you were wholly American figures.

Mr. WIGGLESWORTH. Do you know whether or not any of our then allies contributed anything to the relief delivery and relief loan picture at that time, and if so, how much?

Mr. ACHESON. I do not.

Mr. WIGGLESWORTH. Could you supply that?

Mr. ACHESON. If it is available, we will do our best to get it and supply it.

(The information requested is as follows:)

Financing of relief after the last war by governments other than the United States

Relief loans granted by Governments other than the United States after the last war:

United Kingdom.....	\$200, 000, 000
France.....	115, 000, 000
Norway.....	55, 000, 000
Italy.....	22, 000, 000
Netherlands.....	14, 000, 000
Other governments.....	16, 000, 000
Total.....	422, 000, 000

Source: League of Nations Study on "Relief Deliveries and Relief Loans," 1943.

Mr. POWERS. I am not going to ask any questions right at the moment because the War Department Appropriations Subcommittee is going to reconvene in a few minutes. We are going to hear General Hildring, and I think that we can get a good picture from the general. I think it has been a fine thing for you to invite the members of the War Department subcommittee here this afternoon to get a general idea as to whether there is any general overlapping and what this whole picture is. I have an idea of the whole picture and I am a little worried now whether I shall be able to put a frame around it.

PASSING OF CONTROL OF AREAS TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION UPON RELINQUISHMENT BY MILITARY AUTHORITIES

Mr. ENGEL. I do not have a picture of just when the Army steps out and when U. N. R. R. A. comes in. When the Army advances they have military control of the area that they take.

Mr. ACHESON. That is correct.

Mr. ENGEL. They retain that military control until such time as there is established some sort of government by the local authorities which is recognized in a limited way by our State Department; is that true?

Mr. ACHESON. I think it is perhaps more correct to say they retain control as long as they find it necessary to retain control for military operations.

Mr. ENGEL. But they do not step out of the picture until there is a proper government of some sort ready to take control, a government that we recognize?

Mr. ACHESON. That is right.

Mr. ENGEL. I am not using the word "recognition" in a diplomatic sense. That is the point at which U. N. R. R. A. steps in and the Army steps out; is that right?

Mr. ACHESON. That is correct; yes.

Mr. ENGEL. It is the point where the local government set up with the approval of our Government has control of that area?

Mr. ACHESON. Yes. Obviously, there has to be some sort of governmental authority in the area. The military have two considerations in their mind. One of them is that the military operations come first and that they retain control as long as they need it for that purpose. When they get through with the military operations, there should be in every area some sort of government. At that point U. N. R. R. A. would come in and the military would go out. If there should not be any government, if the whole country were completely disorganized, then the military might have to retain control longer than that in order to keep order.

Mr. ENGEL. During that control U. N. R. R. A. would not be in there but the military?

Mr. ACHESON. It might be in if the military asked it to come in.

Mr. ENGEL. The War Department could ask U. N. R. R. A. to step into an area still under control by the military?

Mr. ACHESON. That is right.

Mr. RABAUT. The military government takes precedence?

Mr. ACHESON. Yes. For working purposes it is assumed the Army will be in control for 6 months. That gives everybody a basis upon

which to plan. It may be in control much longer than that or for a much shorter time, depending on military considerations.

Mr. ENGEL. Suppose the Army advances; will they allow the local government to continue to operate as it is?

Mr. ACHESON. If the local government is satisfactory; yes.

Mr. ENGEL. So you always have a local government there by the people of that community operating, if they operate in accordance with the rules of the military government?

Mr. ACHESON. That is true.

Mr. CASE. Who determines whether U. N. R. R. A. comes in——

Mr. ACHESON. The military authorities in the first instance.

Mr. CASE. Say the military is moved out.

Mr. ACHESON. Then the next step is that the local government may ask U. N. R. R. A. to come in.

Mr. CASE. U. N. R. R. A. does not come in unless it is requested to either by the military or the local government?

Mr. ACHESON. U. N. R. R. A. has no governmental powers and no political authority of any sort. It is a service agency and it comes when it is requested to come in, and only on the condition that it is invited to come in on.

Mr. CASE. When the Army moves out and U. N. R. R. A. moves in, if there are some supplies left of a character you can use, how do you propose to transfer the supplies of the Army to U. N. R. R. A.?

Mr. ACHESON. I assume that that would be done through the Foreign Economic Administration. What the accounting arrangements are, I cannot answer. The Army might sell the commodities to F. E. A. F. E. A. would pay the Army out of the funds which you would make available here.

Mr. CASE. That is, if there are supplies that have been put in the country by the Army and they are transferred, the Army funds will be reimbursed from the appropriation to U. N. R. R. A.?

Mr. ACHESON. That is the way it would be taken care of.

General CLAY. That is a part of our agreement with U. N. R. R. A.; if we turn over supplies that are left, we will sell them to U. N. R. R. A.

PROCUREMENT OF ESSENTIAL CIVILIAN SUPPLIES FOR AREAS TAKEN OVER AND UNDER MILITARY CONTROL

Mr. CASE. I noticed in Mr. Acheson's opening statement this sentence:

Where these conditions prevail, it is proposed to procure essential civilian supplies for such areas out of funds appropriated to the F. E. A. for lend-lease purposes.

Does that mean that lend-lease appropriations can be used to augment the appropriations to U. N. R. R. A.?

Mr. ACHESON. I think that Mr. Cox had better answer that question.

Mr. COX. I think that I can answer that. The Army finances the supplies for essential civilian purposes during the military period where our armed forces are in contact with the enemy. There may be other areas in continental Europe, for example, where the armed forces of the United Nations that are in a particular area are predominantly forces other than our own. In these areas we may have military representation on a joint basis, although our troops may not

be fighting in substantial numbers. Now, in that case, if that contingency should arise, the transaction would be handled substantially the same as with respect to the planes that were procured with lend-lease funds and made available to the Army after Pearl Harbor. There is language in the appropriation act to the effect that anything procured for lend-lease purposes can, at the request of the Army, be turned over to them for their own uses, or for uses which are determined to be in our national interest.

Therefore, on a request of the Army, supplies may be made available from F. E. A. financing, but no specific amount has been included in the lend-lease budget for this purpose, since the expenditure is a contingency item. The way it will be met will be a call by the Army on lend-lease and if there are lend-lease funds or supplies available they will be turned over to the Army for that specific purpose. One special case of this type is southern Italy where the F. E. A. is providing certain types of essential civilian supplies that are distributed by the Army in those areas. Similarly supplies may be made available to a United Nations Army in an area, where our troops are not fighting, for this purpose on a regular lend-lease basis as a part of its military operations.

Mr. CASE. The point I would like to get at is this: During the consideration of the U. N. R. R. A. bill by the House there was considerable assurance given to the Congress that the control of expenditures for U. N. R. R. A. would be within the hands of Congress through appropriations made to U. N. R. R. A.

I am wondering if this device may not be used to augment actually the materials made available for U. N. R. R. A. to use without having them show in the U. N. R. R. A. appropriation.

Mr. COX. It was always understood that there definite limitations on U. N. R. R. A. operations and that expenditures during the military period were over and above the restriction upon U. N. R. R. A. expenditures. That assurance has been made and has been firmly followed.

Mr. CASE. The condition was described as an area in which the necessary military control authorities would not include any substantial body of United States troops.

Mr. COX. It must be an area of military control.

Mr. TABER. I assume, though I do not know, because I have not had a chance to look at it, with that in mind, that there is some kind of language in the war appropriation bill now in force that permits the operation of this grocery business on a revolving fund basis. Is that right?

General CLAY. No, sir. The appropriations that we have used in Italy have been our general funds for subsistence of the Army and other purposes because such use was absolutely essential to our military operations. We did not visualize it and did not come before Congress with a specific estimate for the purpose. We have learned by experience we have to have these funds. Therefore we have made a detailed estimate as to what we think we will need for the purpose during the coming year.

Mr. TABER. But there is no provision anywhere to operate that situation as a revolving fund.

General CLAY. No, sir.

Mr. TABER. How then do you avoid the situation of turning the proceeds of whatever you get in the line of recovery into the Treasury? I do not know how that figure ought to be set up. I am not trying to be unduly critical, but am trying to find the way this thing should be operated and handled legislatively and administratively.

The CHAIRMAN. If the gentlemen will permit, this goes back to fundamental international law. What are the provisions of international law which apply to armies operating in conquered territory under such circumstances?

General CLAY. Off the record.

(Discussion off the record.)

Mr. TABER. The question I am raising is for the benefit of the committee in trying to lay out the next bill so that it might meet the situation that evidently has arisen. I do not know. I do not understand enough about this U. N. R. R. A.

Now, the major part of the population that would be involved in U. N. R. R. A. would be in the western part of Europe, would it not?

Mr. ACHESON. Probably in the eastern part so far as supplies are concerned.

Mr. TABER. In the Balkans and Austria and Rumania and that territory?

Mr. ACHESON. Czechoslovakia, Greece, Yugoslavia, and Poland.

Mr. TABER. Rather than France, Belgium, and Holland?

Mr. ACHESON. We hope that those countries will be able to finance at least the major part of their own relief imports. Of course, there is that other activity of U. N. R. R. A.'s which I spoke of some moments ago.

Mr. TABER. The grocery activity?

Mr. ACHESON. No. The grocery activity would be in eastern Europe. Now, the activity with regard to health and displaced persons, of whom there are 20,000,000, would be carried on to a larger extent in western Europe.

WAR DEPARTMENT ESTIMATE FOR 6 MONTHS

Mr. WIGGLESWORTH. For what period is this \$562,000,000 computed?

General CLAY. We have computed it for a period of 6 months.

Mr. WIGGLESWORTH. That is for the calendar year?

General CLAY. Yes; for 6 months of the calendar year.

Mr. WIGGLESWORTH. From July to December?

General CLAY. Six months from the date, whatever we began with, for the period it will cover.

Mr. WIGGLESWORTH. Six months of the fiscal year 1945?

General CLAY. That is right.

The CHAIRMAN. Thank you very much, General Clay.

METHOD OF REQUIRING COUNTRIES ASSISTED TO PAY FOR MATERIALS FURNISHED BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. TABER. Mr. Acheson, I have had called to my attention, I do not know but what you have already covered it, that the bonds of a great lot of these occupied territories in Europe are selling for a very

considerable price, and that quite a few of them, like France and Belgium and Norway, are up to par, or a little better; that the Netherlands have perhaps a couple of billions of dollars of assets in this country, and that even in the territories that are supposed to be pretty far down like Czechoslovakia, their bonds are selling up to 65%; Denmark about 76 to 78; that even the Polish bonds are selling at 28; the Serbs, however, are down in the 15 class, and likewise the city of Warsaw is in the 16 or 17's.

I wonder have those facts been taken into consideration in balancing up this situation?

Mr. ACHESON. I think so, Mr. Taber. The resolutions adopted by the U. N. R. R. A. Council at Atlantic City made it perfectly clear that before a particular country gets materials from U. N. R. R. A. without paying in foreign exchange for them, it has to be determined by a committee of the Council that the country is unable to pay in foreign exchange.

The resolution goes on to say the country will not be required to assume an enduring debt in order to obtain relief supplies. The purpose of that is not to make the country use all of its credit for this temporary relief instead of using it for permanent reconstruction, which we are not engaged in.

However, if it is a country such as France or Holland or Belgium or Norway, which has assets with which it can pay, it will have to pay for its own relief imports as far as it can. If a particular country has not the foreign exchange with which to pay for its relief imports, then U. N. R. R. A. will make available such imports, but it will be U. N. R. R. A.'s policy to receive the proceeds in local currency from the distribution of such supplies within the country. That local amount in turn will be used by U. N. R. R. A. to defray its expenses within that country and for the purchase of any supplies or commodities which they use in that country or for use in some other country.

For instance, if it turns out that Poland has no foreign exchange, it would not be a paying country, and therefore would be entitled to have its imports from U. N. R. R. A. without paying dollars or pounds. However, U. N. R. R. A. would presumably receive local currency from the sale of a considerable portion of its supplies within Poland.

Poland, for example, has surplus coal. Coal will be needed in other countries of Europe, and therefore U. N. R. R. A. can sell the goods to Poland for local currency and with that currency it can purchase coal and use the coal wherever it may be necessary.

The attempt has been made all the way through here to require any country which has foreign exchange to use it and not be a burden upon the U. N. R. R. A. fund; if it does not have foreign exchange it must pay in its own currency and then that currency can be used by U. N. R. R. A. to buy other things that will in turn take the burden off the contributing countries.

ORGANIZATION PLAN

The CHAIRMAN. Mr. Acheson, will you give us a general statement as to your organization and the administrative set-up?

Mr. ACHESON. Yes, Mr. Chairman. Briefly, with reference to the history of the U. N. R. R. A. organization, I think most of the members

of the committee are familiar with it from the discussions which took place on the floor of the House when the authorization bill was considered at that time.

The whole idea of a relief organization started with a meeting of exiled governments in September 1941; then there was begun the Inter-Allied Relief Commission, later the Inter-Allied Post-war Requirements Commission. The purpose of that was for these governments to begin to figure on what would have to be done when their countries were liberated; what it would be necessary to import in order for them to get started again.

We were invited to the meeting held in London, and sent an observer. That was before Pearl Harbor. The Soviet Government also was asked to be a member and sent an observer; this was the committee which was serviced by a British governmental staff. Thereafter, the Russian Government sent a note to the British Government in which it said:

Why not put this on an international basis and have an international staff instead of having one government do it.

So we went to work on that with the British, and finally through the summer of 1942 we worked out a draft of an agreement. That was changed in the early part of 1943 and sent to all of these countries and brought about a great deal of discussion. At the same time that the other nations were working on it we went to work with a subcommittee of the Foreign Relations Committee of the Senate and also with the Foreign Affairs Committee of the House and the final result was a substantial rewriting of the basic U. N. R. R. A. document.

A new draft was then put up in the summer of 1943 and all of the countries accepted it on November 9, 1943, and it was sent to the White House. After the signing of the agreement we had the first meeting of the Council in Atlantic City.

The organization consists of what might be considered the policy-making body. The Council, of course, has no governmental power; it cannot legislate, it can just lay down its principles and policies for the group. On that Council each one of the 44 nations has one member. The organization meets twice a year and it lays down the rules which govern the Director General. The Director General exercises all the executive powers. He has a staff on which each member has a representative; it is international in character. It also carries out all executive action.

Then we went to work on a financial plan. We could not get anywhere without that. The plan had to be recommended to the various governments for their agreement, because it had no authority to assess individual governments since the council whose contribution must be approved by their legislative or parliamentary bodies. The recommendation to the governments was that each one of them whose home territory had not been occupied during the war should contribute 1 percent of its national income for the year ending June 30, 1943. That was in order to get the latest possible year of earnings for each so that the price level on which purchases were going to be made would be about the same.

There was a great deal of discussion as to what base we should take, whether it would be 1 percent or some other base. Some of the people argued very strongly for a plan to be something like a grad-

uated income tax, believing that the richer countries could give proportionately more than the poorer countries. That, of course, would have borne much more heavily on the United States and we should have been practically in a situation where we would be in a class by ourselves. So that obviously was nothing we could stand for. So, regardless of any argument for using an income-tax base, we decided that the 1 percent was the best.

Then, some of the governments wanted a plan that should be set up on the basis of a percentage of foreign trade. There were all sorts of plans but none of them except this final arrangement was satisfactory, and we adopted the 1-percent plan.

As was well understood some of the countries were not able to pay as much as other countries, such as some of the countries in this hemisphere, for example, and some of the countries in the Eastern Hemisphere, which have very large populations, and relatively large incomes. India, for instance, is an outstanding example. Whereas the national income of India is large the population is also tremendous so that the per capita income is very little indeed. Therefore for India to give 1 percent would be a very much greater burden than it would be for a lot of other countries.

There are a few countries in this hemisphere which are in the same situation, and it was recognized that certain countries would have difficulty with the 1 percent formula but the recommendation was approved that every government should contribute on this basis that could do it.

The British have already acted on this and they have made an appropriation of £80,000,000 or about \$320,000,000 at current rates of exchange, this amounts to slightly in excess of 1 percent of the national income of the United Kingdom for the fiscal year ended June 1943. This contribution for the United Kingdom and the colonies does not include Canada, Australia, New Zealand, the Union of South Africa, or India which will contribute separately. I think the first country of all to make an appropriation was Iceland, which sent in \$50,000. The first check that U. N. R. R. A. got was from Iceland. Then the House of Commons of Canada as an interim measure passed a bill providing that up to \$10,000,000 out of last year's appropriation act could be spent for U. N. R. R. A. and the remainder of the Canadian contribution to U. N. R. R. A. estimated at some seventy to ninety million dollars, is now under consideration before the House of Commons at Ottawa.

I think that a very large number of the other countries will act promptly in making appropriations. How many will live up to the 1 percent there is no way of judging, but I think most of the countries whose contribution is going to be substantial will do so. The effort is to have every one of these countries do their part and promptly, and it is better to have a small amount now than to get more, say 3 or 4 years from now.

That is briefly the plan of the organization, Mr. Chairman.

ADMINISTRATIVE CONTRIBUTIONS TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. WOODRUM. Would there be any objection, since you have mentioned Iceland, to putting in the record the assessments against each of the countries who are contributing?

Mr. ACHESON. Properly speaking there is no assessment since the financial plan is in the form of a recommendation to the member governments. Each contributing government must determine its own national income.

The CHAIRMAN. You may continue your statement, and if it is not in the record we would like to have you give it. It is perhaps not necessary to repeat it.

Mr. ACHESON. Here is a list of the contributions for administrative expenses which is dealt with somewhat differently. The administrative budget is made up by the Director General and approved by the Council. The percentages for the various countries are worked out on a different basis from the operating Budget, and the American share of the administrative expenses is only 40 percent. I have here a list of the contributions already made to U. N. R. R. A., totaling \$2,900,650, and which I will leave for the record.

(The statement referred to is as follows:)

ADMINISTRATIVE CONTRIBUTIONS TO UNITED NATIONS RELIEF AND
REHABILITATION ADMINISTRATION

Twenty-five countries have already made administrative contributions to United Nations Relief and Rehabilitation Administration. The countries, and their respective contributions, are as follows:

Belgium-----	\$100, 000	Mexico-----	\$70, 000
Canada-----	50, 000	New Zealand-----	30, 000
China-----	500, 000	Nicaragua-----	5, 000
Czechoslovakia-----	25, 000	Norway-----	30, 000
Dominican Republic-----	5, 000	Peru-----	25, 000
Egypt-----	20, 650	Philippine Commonwealth--	5, 000
Ethiopia-----	5, 000	Poland-----	100, 000
French Committee of Na-		Union of South Africa-----	100, 000
tional Liberation-----	50, 000	Union of Soviet Socialist	
Greece-----	50, 000	Republics-----	200, 000
Guatemala-----	5, 000	United Kingdom-----	1, 500, 000
Haiti-----	5, 000	Yugoslavia-----	5, 000
Honduras-----	5, 000		
Iceland-----	5, 000		
Luxemburg-----	5, 000	Total-----	2, 900, 650

Mr. ACHESON. Our share of the administrative expense is \$4,000,000; which we have not been able to make as yet because the Congress has not appropriated the funds. You are considering that now for the first time. We would like, as soon as possible, to make all or a part of that contribution so the work of the organization can go ahead.

That is the broad plan of the organization, Mr. Chairman.

The CHAIRMAN. I was down at the White House when the nations signed; was that before or after the Atlantic meeting?

Mr. ACHESON. That was before; that was on the 9th of November.

NUMBER OF NATIONS CONTRIBUTING

The CHAIRMAN. I recall on that occasion 44 nations signed, and the 44 nations there pledged themselves tentatively to make an aggregate contribution of \$2,200,000,000.

Mr. ACHESON. There was no pledge as such, but there were some informal estimates at Atlantic City that, on the bases of the plan, the total U. N. R. R. A. fund would be around \$2,000,000,000.

The CHAIRMAN. The United States, through the Congress, has authorized \$1,350,000,000 which will represent the amount of its eventual contribution.

Mr. ACHESON. That is the whole contribution, \$1,350,000,000.

The CHAIRMAN. That is on the basis of 1 percent of the national income, calculated on the income of 1943.

Mr. ACHESON. Yes.

The CHAIRMAN. And that is the entire amount that we will be expected to contribute throughout the life of U. N. R. R. A.?

Mr. ACHESON. That is correct, unless the whole estimate is wrong in which case we will have to go back and start over again.

The CHAIRMAN. England has already contributed \$320,000,000; Canada has contributed \$90,000,000 and the remaining 44 nations will be expected to contribute within their financial ability to do so.

Mr. ACHESON. Yes; except that the Canadians have not completed work on their appropriation. Also, the occupied countries are not under the plan although they may contribute within the limits of their ability.

The CHAIRMAN. There seems to have been an understanding, at least I got the impression it was tentatively understood that no nation will be required to contribute beyond its reasonable ability to pay.

Mr. ACHESON. It is entirely within the control of each nation, and we have in the resolution the understanding that in exceptional cases a country would not be required——

The CHAIRMAN (interposing). And with those exceptions the principal nations of the world will no doubt make up the contributions.

Mr. ACHESON. That is what we hope.

The CHAIRMAN. And each of these nations will, through their own governmental agencies, make their purchase of supplies; I understand that U. N. R. R. A. itself is not to be the purchasing and procurement agency; it is solely an administrative and distributing agency.

Mr. ACHESON. Yes; any one of the nations may do as it chooses about that. And it is obviously better in the case of the United States and the United Kingdom that purchases be made through the regular government purchasing agencies instead of having new agencies enter the field and confuse the whole matter. Countries which have a smaller contribution may wish to turn their funds over to U. N. R. R. A., and let it do the purchasing, but it is entirely up to the individual governments again.

The CHAIRMAN. The significance of the amount they are able to pay is the cooperation.

Mr. ACHESON. Yes.

IMPORTANCE OF IMMEDIATE CONTRIBUTION BY THE UNITED STATES

The CHAIRMAN. I would like to ask this question of Mr. Crowley while Mr. Acheson is present: In point of time, what is the importance of providing our initial contribution at as early a date as possible, and making our contribution promptly?

Mr. CROWLEY. We cannot buy any supplies, we cannot make any contracts, and in fact the entire work is stymied until we have funds for that purpose.

The CHAIRMAN. It is of great importance that we make the initial contribution at the earliest date practical?

Mr. CROWLEY. That is correct.

The CHAIRMAN. What is your opinion on that, Mr. Acheson?

Mr. ACHESON. I think it is impossible to overestimate the importance of that, Mr. Chairman. As you have heard, from General Clay, the Army is taking care of the initial period, but it has submitted an estimate for 6 months. It takes a very long time to find out about the requirements of countries, to make purchases; and some articles, such as clothing, may take a year from the time we start until the materials are manufactured. We have got to begin right away so we will be able, when the Army wants to be relieved from its responsibility, to have an organization that can take this thing over.

LABELING OF PACKAGES OF LEND-LEASE AND RELIEF SUPPLIES

The CHAIRMAN. It is my understanding that all lend-lease supplies are marked in such a way that the recipients of them will know that they come from the United States?

Mr. CROWLEY. Yes.

The CHAIRMAN. Is that the case as to the individual packages as well as the shipping packages? Is that true as to the individual packages?

Mr. CROWLEY. I think so.

The CHAIRMAN. Individual packages are marked so that each individual who receives the supplies, receives food, or spare parts of machinery, or what not, will know where it came from, would know the source of the contribution?

Mr. CROWLEY. That is right, Mr. Chairman.

Mr. Cox. Lend-lease packages have labels on the individual packages, so far as it is humanly practicable. The labels show the American flag, and are printed both in English and in the local language. The U. N. R. R. A. goods, I understand, may contain a U. N. R. R. A. label showing that they come from U. N. R. R. A., and in addition United States supplies furnished through U. N. R. R. A. may bear a United States identification.

We can bring to you labels of the types, depending upon the packages that are used.

The CHAIRMAN. Has there been any consideration or adoption of policy by U. N. R. R. A., or the F. E. A., so far as our contribution is concerned, as to a policy of marking either by U. N. R. R. A. itself as indicating that it came from U. N. R. R. A. or from a particular contributing member of U. N. R. R. A.? Has there been such a policy adopted or have you given that attention?

Mr. CROWLEY. I think all we can do on that is to show it for the percentage of supplies that are purchased within the United States. We may be able to put on some kind of a label showing that they originated in the United States.

Of course, we could not label the purchases that would be made in other countries. The other countries will have the same sort of participation in what is acquired in their own countries as we have in ours. In other words, such packages as go from us will undoubtedly have a label, and from 50 to 60 percent of the total supplies will probably come from the United States.

Mr. ACHESON. Yes.

Mr. CROWLEY. The labels would show that the supplies originated in our country.

Mr. Cox. The President, as you know, issued a proclamation which gives permissible power to label lend-lease and relief supplies with the American flag. The actual procedure and policy for labeling U. N. R. R. A. supplies is now under discussion with the State Department, U. N. R. R. A., and the F. E. A. We anticipate no objection to having an American flag or a similar label on supplies as well as a U. N. R. R. A. label. I understand that is something that is being worked out now.

The CHAIRMAN. What is the policy of U. N. R. R. A., Mr. Acheson, as to contributions and as to relief in German territory and to German nationals?

Mr. ACHESON. The resolution provides as to that, Mr. Chairman, that the organization can undertake only such activities within enemy and former enemy countries as are authorized by the Council; the nature and scale of relief have to be authorized by the Council.

One of the most pressing matters we have in relation to U. N. R. R. A. now is Italy; that is something that has to be taken up and a decision made upon it.

TIME FOR PLAN TAKING EFFECT

Mr. TABER. Could you give us a little information, Mr. Acheson, as to about what time you expect the plan contained in this set-up which you are asking for, to provide here, would become effective? I mean when would it begin to function on a substantial basis?

Mr. ACHESON. You mean as to calendar dates, Mr. Taber?

Mr. TABER. Yes.

Mr. ACHESON. Well, I should hope that it would be operating on a substantial basis in 1945, but when in 1945 I do not know.

Mr. TABER. In view of the fact that the Army has felt called upon to take care of occupied territories for the balance of the calendar year and made its estimates accordingly you would not expect any substantial operations in the calendar year 1944.

Mr. ACHESON. Well, that depends upon what you mean by substantial operations. I doubt whether there would be a large number of people in the field; there might be, but there will be very substantial operations in the preparation and acquisition of materials.

Mr. TABER. You mean building up inventories?

Mr. ACHESON. In building up inventories and placing orders.

REFUGEE CAMPS OPERATED BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Something was said a little while ago about U. N. R. R. A.'s responsibility for these refugee camps. It may be that we will have to take over in a very short time a great many of these camps which are scattered all the way from Casablanca to India.

Mr. TABER. Is it not a fact that there are not very many of these refugees that are prepared to leave neutral countries that they have landed in?

Mr. ACHESON. There are quite a few; quite a few.

Mr. TABER. How many, and what sort of position are they in? I am just trying to get the facts on something that I have no other means of getting.

Mr. ACHESON. There are a great many Yugoslavs and Poles who are in north Africa; in the Middle East there are some substantial camps. I have forgotten how many Poles. Do we have an estimate of how many came out?

Mr. COX. There are something like 100,000 that came out; they came out in large numbers.

Mr. ACHESON. They came out through Russia and through Persia.

Mr. TABER. But are they in camps at present?

Mr. ACHESON. Yes.

Mr. TABER. They are being provided for by reason of their own set-up?

Mr. ACHESON. No; many of them are in camps some of which are run by an organization called the Middle East Relief and Refugee Administration, which is in the process of being taken over by U. N. R. R. A.

Mr. TABER. Who ran that?

Mr. ACHESON. That was run by the British and to some extent the American military officers.

Mr. TABER. And how much of a set-up did they have?

Mr. ACHESON. I cannot answer that accurately.

Mr. TABER. Financial or otherwise?

Mr. ACHESON. I can furnish you with more accurate figures if you would like.

Mr. TABER. What sort of people are they? I mean, from the standpoint of their physical ability to work.

Mr. ACHESON. I cannot answer that. I doubt if there are any men of military age in the group; I suppose that most of them are old people, women, and children.

Mr. TABER. I am wondering if anybody would be prepared to give the facts on that.

Mr. ACHESON. I think we could get you some information on that, Mr. Taber.

Mr. TABER. I really would like to have the facts of that situation, because the committee really ought to know what kind of a picture it is providing for when it is considering the appropriation of money.

(The requested information follows:)

STATEMENT OF REFUGEE CENTERS IN THE MIDDLE EAST NOW OPERATED BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Since May 1, 1944, United Nations Relief and Rehabilitation Administration has been administering in the Middle East six refugee centers, now housing approximately 40,500 and expected within a short time to house a total of 54,000 Greek and Yugoslav refugees, mainly women and children. These camps were formerly administered by the Middle East Relief and Refugee Administration (M. E. R. R. A.), whose functions have been absorbed by United Nations Relief and Rehabilitation Administration. The refugees cared for in these camps were driven out of coastal and island areas of Greece and Yugoslavia as a result of military operations. Refugees are presently leaving these areas at the rate of 9,000 per month.

The larger part of the Yugoslav refugees were at first transported by the military authorities from Yugoslavia to Italy and were and are being turned over to the care of United Nations Relief and Rehabilitation Administration by the military authorities in order to reduce the drain on supplies and shipping to Italy. Most of the Greek refugees were driven out of the Dodecanese Islands and other Greek islands by the Germans. Thus the care of these refugees by United Nations Relief and Rehabilitation Administration is closely related to military necessity. In fact, the British Army is cooperating very closely with

United Nations Relief and Rehabilitation Administration in the administration of the camps and is furnishing a substantial number of personnel and other services. Voluntary welfare agencies are also cooperating closely with United Nations Relief and Rehabilitation Administration and have furnished valuable personnel and certain amounts of supplies.

The estimate of the cost of operation of these camps for the year beginning May 1, 1944, is approximately \$9,600,000, excluding administrative expenses which cannot be estimated since British military personnel is now assisting in the operation of the camps and may have to be replaced by civilians. An additional \$500,000 will be required for new construction and additional equipment.

These estimates assume a maximum camp population of 54,000. The general rule of the camps is to require work from all physically fit refugees. In addition to duties connected with camp maintenance, refugee women work at sewing and knitting, and men are carpenters, cobblers, painters, etc. Women and girls are being trained as nurses so that they can help in the camps and in the countries to which they will return. Those unable to work receive small allowances of about 50 cents weekly with which they may make purchases at the camp canteen.

The following is a summary description of the camps:

Moses Wells.—Located in Egypt. Refugee camp, in operation by Middle East Relief and Refugee Administration since July 1942. Population as of March 16, 1944, 1,841 Greek refugees, predominantly women and children; the camp was being enlarged and equipped to accommodate some 3,500 in May-June and 5,000 in July-September of this year. Refugees are housed in tents with concrete floors, the capacity of each tent being 16 to 20 persons. The camp has been administered by British Army personnel, and Greeks serving as medical officers, priests, and welfare officers.

El Shatt.—Located in Egypt. Refugee camp, set up by Middle East Relief and Refugee Administration early in 1944 to accommodate Yugoslav refugees evacuated from the Dalmatian Coast via Italy to Egypt. By April 11,000 had arrived, predominantly women and children. The camp population is expected to be 20,000 to 25,000 in May-June and 30,000 in July-September. The camp was under construction when United Nations Relief and Rehabilitation Administration took over and conditions were very primitive. The refugees were and are to be housed in tents. At the end of March, the staff was comprised of British Army personnel and persons from private agencies, including representatives from the Near East Foundation, the American Friends' Service Committee, the Mennonite Central Committee, the Friends' Ambulance Unit, the British Red Cross, and St. John's War Organization, the American Red Cross, the International Voluntary Service for Peace, the Jewish Relief Unit, and the Save the Children Fund.

El Khatalba.—Located in Egypt. A refugee camp which is expected to harbor 5,000 Yugoslavs. Its staff consisted, in April, of British Army personnel and 25 persons from private agencies.

Tolubat.—Located in Egypt. A reception and transit camp, with a population of approximately 40 Greeks and 173 Yugoslavs on March 16, 1944. Its staff at that date consisted of British officers. The camp is expected to harbor 1,000 persons.

Nuseirat.—Located in Palestine. Its population on April 6, 1944, consisted of 7,805 refugees from the Greek islands and the Dodecanese, of whom the great majority are women and children. Its population was expected to increase to 10,000 in May-June and 12,000 in July-September. This camp was taken over by Middle East Relief and Refugee Administration to shelter all Greek refugees brought into Palestine. The refugees are housed in tents or barrack-style huts. As of April 6, 1944, the staff included British and Greek Army personnel, Greek doctors and workers from voluntary societies (the Near East Foundation, British Red Cross, and Friends' Ambulance Unit).

Aleppo.—Located in Syria. A transit camp, housed in barracks and intended for the reception, interrogation, disinfection, medical examination, and routing of all refugees entering through Turkey. The refugees arriving in April were mainly from the Greek and Dodecanese Islands and were coming through at the rate of 1,000 a month. On March 16, 1944, the population of the camp numbered some 248 persons, and the staff on that date consisted of British military personnel. Its population was expected to increase to 1,000 by May-June.

Camp Marshal Lyautey near Casablanca, Morocco, is a joint United States-United Kingdom undertaking to which stateless and other refugees in Spain are being removed so that other refugees may be able to enter Spain from enemy

occupied areas. With the creation of United Nations Relief and Rehabilitation Administration the question arose of transferring the camp to United Nations Relief and Rehabilitation Administration and it is hoped that the transfer will become effective when funds for the United States' contribution to United Nations Relief and Rehabilitation Administration have been appropriated. The site of the camp is a former Army base, now evacuated, and the buildings, of semi-permanent barracks type, will accommodate 2,000 persons. With the use of tents, camp capacity can be extended to 8,000. Pending the transfer, United Nations Relief and Rehabilitation Administration has provided certain necessary administrative personnel and has assisted United States agencies in their administration of the camp.

DISCUSSION OF METHOD OF DETERMINING RELIEF POLICIES

Now what is your position with reference to U. N. R. R. A.?

Mr. ACHESON. I am the American representative on the Council.

Mr. TABER. That is on the Council that determines the policy of U. N. R. R. A.?

Mr. ACHESON. That is correct.

Mr. TABER. Now on that Council, the United States put up a little better than 50 percent of the money and on the determination of the policy as to the distribution and use of that fund it has only 1 vote as against about 26?

Mr. ACHESON. There are 44 nations.

Mr. TABER. Forty-four?

Mr. ACHESON. Yes, 44.

Mr. TABER. And we have only 1 vote out of 44 in determining the policies?

Mr. ACHESON. That is correct—that is, as to the broad over-all policy. Of course, we control our own funds.

Mr. TABER. You mean we have a right to say what our funds shall be used for in U. N. R. R. A.?

Mr. ACHESON. U. N. R. R. A. has to come to us to ask us for goods and for money.

Mr. TABER. Yes; but after we have given the money to U. N. R. R. A. to spend there is no control over our part of that money or goods that we turn over to U. N. R. R. A., except what is represented by our 1 ballot out of 44?

Mr. ACHESON. Well, I do not think that is quite the picture, Mr. Taber. First of all, there are the determinations of policy, which are contained in the book before you—

Mr. TABER. I understand.

Mr. ACHESON. That goes back to the basic resolution, and when U. N. R. R. A. wants supplies or money it must come to the United States.

There are three things involved; it will come to us for administrative expenses, and that will be handed over in a lump sum; our contribution is \$4,000,000, the Budget is prepared and approved, and that would be given to be used for salaries.

Then they may come for other cash funds which may be military—I mean, medical people, nurses, doctors, ambulances, care of displaced persons, and things of that sort. F. E. A. will watch over the funds which U. N. R. R. A. will need from time to time from the United States for such services, through the accounting and auditing procedures established for U. N. R. R. A.

Finally they may come with requests for supplies. If they ask for supplies they have to go over their requirements for the entire scale of provisions with F. E. A., all of the purchasing of which in the United States will be handled by F. E. A. so that the funds will not be used foolishly or for purposes which are not connected with the proper functions of the organization. And so we are not in a situation where we turn over \$800,000,000 to 43 other countries to spend.

Mr. TABER. Provided we have that determination made before it is turned over. Is that not about it?

Mr. ACHESON. Well, it is a continuing thing.

Mr. TABER. Yes. In other words it is proposed that we turn over to U. N. R. R. A. a small item at a time to cover the situation. Is that about the idea?

Mr. ACHESON. We may have a whole series of requests coming in at once.

Let us assume, for instance, that Germany is defeated and the question of relieving Czecho-Slovakia or Greece arose. Greece would be one of the best examples, because Greece will need a great deal of relief, and the whole picture of Greece's needs will be presented and F. E. A. will go into the question of how the needs were computed, where the supplies will come from, and what would be supplied by Great Britain and Canada, Australia, and the United States, as their share of what is to go into the entire pool; then the F. E. A. through the U. S. procurement agency—the Treasury, or the War Food Administration—gets the materials and they are consigned for shipment through U. N. R. R. A. to the representative of Greece. Under the resolution we are required to work with the Greek Government, and wherever possible distribution will be done by the local government and not done by U. N. R. R. A., which will merely have a supervisory role.

So that the goods would be, after a thorough investigation of the whole proposed set-up, turned over to the local government and would be distributed by the local government.

NUMBER AND DUTIES OF PERSONNEL

Mr. TABER. What kind of a picture has U. N. R. R. A. at the present time? I see in this book an intimation of approximately 300 to 400 in the Washington office; maybe nearly 100 in the London office, and a group smaller in size scattered around through the different spots in the Near East; perhaps some in Africa. How many of those people are actually on the roll currently?

Mr. ACHESON. I think the people who are listed in this book are the chief officials of the organization.

Mr. TABER. Just the 15 or 20 that are listed in the book?

Mr. ACHESON. I think so.

Mr. Cox. The number of employees given there is as of March 22, 1944.

Mr. ACHESON. The organization and personnel.

Mr. TABER. The set-up that gives the names and the duties and so forth.

Mr. ACHESON. That is the chief officers.

Mr. TABER. It is the chief officers. Then the personnel set-up is 372 in the Washington office.

Mr. ACHESON. That is right.

Mr. TABER. And 93 in the London office.

Now what would these 372 people have to do at the present time in the Washington office?

(Discussion off the record.)

Mr. TABER. There are set up here some 372 employees in Washington, 93 in London, and various others in different spots, totaling altogether 494. What I wanted to get was a statement as to what these people were supposed to do.

Mr. ACHESON. I think to give you a complete answer is beyond my knowledge, but I think I can throw light on it, and if, when I get through, you would like to have that statement supplemented, I should be very glad, indeed, to get any further information. Of the staffs, the ones about which I shall speak are the Washington office and the London office. The persons who are in Algiers, Cairo, and Case Blanca are working on the matter of taking over the refugee camps about which I spoke to you some time previous in this hearing.

Mr. TABER. Before we get any further with that, I think we should have in the record this table of U. N. R. R. A. personnel as of March 22, 1944, followed by the spot biographies, so-called, of top U. N. R. R. A. personnel, about 15 in number.

The CHAIRMAN. If there is no objection, the matter referred to will be put in the record at this point.

(The matter referred to is as follows:)

United Nations Relief and Rehabilitation Administration personnel, as of Mar. 22, 1944—number of employees, by location

Location	Number	Location	Number
Washington office.....	372	Casablanca.....	15
London office.....	93	Chungking.....	2
Algiers.....	1	New York.....	2
Cairo.....	9	Total.....	494

SPOT BIOGRAPHIES OF TOP UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION PERSONNEL

Herbert H. Lehman, Director General. Governor and Lieutenant Governor, State of New York; colonel, United States Army; partner, Lehman Bros., bankers. Citizen of United States.

Sir Arthur Salter, Senior Deputy Director General. Head, British Merchant Shipping Mission and British Petroleum Mission in Washington; member of Combined Shipping Adjustment Board; Member of Parliament; Director, Economic and Finance Section, League of Nations. British subject.

Michail A. Menshikov, Deputy Director in Charge of Bureau of Areas. President of All-Union Export Timber Organization of the Union of Soviet Socialist Republics; member of board of directors, Arcos, Ltd., trading corporation, in London. Citizen of Union of Soviet Socialist Republics.

Roy F. Hendrickson, Deputy Director in Charge of Bureau of Supply. Director, Food Distribution Administration; Administrator, Agricultural Marketing Administration and Surplus Marketing Administration; Office of Secretary, Department of Agriculture; Department of Interior; Associated Press reporter. Citizen of United States.

H. P. Van Gelder, Deputy Director General in Charge of Bureau of Finance and Administration. Superintendent of foreign branches of the Canadian Bank of Commerce; associated with this bank from 1903 to 1944. Canadian subject.

P. W. Kuo, Deputy Director General in Charge of Secretariat. Vice Minister of Finance of China; secretary, Chinese Trade Commission; president, South-eastern University of China. Citizen of China.

Sir Frederick Leith-Ross, Deputy Director General for Administration and Finance (stationed at London). Chairman, Allied Committee on Post-War Requirements; Director General, British Ministry of Economics; chief economic adviser to the British Government; Chairman, Economic Committee of League of Nations. British subject.

Nicolai Fconov, Deputy Director General for Supply (stationed at London). Deputy trade representative of Union of Soviet Socialist Republics in United Kingdom, Head of Soviet delegation on the Anglo-Soviet Transport Committee, Vice President, All-Union Corporation for Import of Rubber, Non-Ferrous Metals, and Textile Raw Materials. Citizen of Union of Soviet Socialist Republics.

Lithgow Osborne, Deputy Director General for Services and Areas (stationed at London). Chief, Special Relief Problems Division, Office of Foreign Relief and Rehabilitation Operations, Department of State, conservation commissioner, State of New York, 1933-42, United States diplomatic service, previously in the publishing business. Citizen of United States.

Hugh Jackson, Deputy Director General in Charge of Regional Liaison. Associate secretary, New York State Charities Aid Association, acting first deputy commissioner and director of public assistance for the New York Department of Welfare. Citizen of United States.

Francis B. Sayre, Diplomatic adviser to the Director General. United States High Commissioner to the Philippines; Assistant Secretary of State, adviser in foreign affairs to Siamese Government; professor of law, Harvard. Citizen of United States.

Abraham H. Feller, general counsel. Deputy Director and general counsel for the Office of War Information; consultant for the Lend-Lease Administration; special assistant to the Attorney General; professor of law, Yale University; visiting lecturer at Harvard Law School. Citizen of United States.

Mieczyslaw Sokolowski, financial adviser. Undersecretary of State for the Polish Ministry of Commerce and Industry; Chief of the Legal Section of the Polish Ministry for Preparatory Work Concerning the Peace Conference. Citizen of Poland.

Kenneth Dayton, Treasurer. Second Deputy Director, Office of Foreign Relief and Rehabilitation Operations, Department of State; director of budget for the city of New York, 1937-42. Citizen of United States.

Anthony Fried, Chief, Industrial Rehabilitation Division. Managing director of the Skoda works of Czechoslovakia and responsible for the foreign department; managing director of Industrial Planning, Ltd., and Lowey Engineering Co., Ltd., in England. Citizen of Czechoslovakia.

Fred K. Hoehler, Director of Displaced Persons Division. Director, American Public Welfare Association, Chicago; director of safety and director of welfare for the city of Cincinnati; Executive Director, Joint Army and Navy Committee of Welfare and Recreation. Citizen of United States.

Mary Craig McGeachy, Director of the Welfare Division. First Secretary, British Embassy in Washington; British Ministry of Economic Warfare; member of the Permanent Secretariat of the League of Nations in Geneva and acting director of its Information Section. British subject.

Joseph P. Harris, Director, Division of Personnel. Colonel, Army of the United States, and director of public administration, United States Army School of Military Government; director of research, committee on public administration of the Social Science Research Council and for the President's Committee on Administrative Management; professor of political science, University of California. Citizen of United States.

Morse Salisbury, Chief of Division of Public Information. Director of Information for the Department of Agriculture and the War Food Administration; associated with the Information Service of the Department of Agriculture for the past 16 years; radio and newspaper experience in Kansas and Wisconsin. Citizen of the United States.

Dr. Wilbur A. Sawyer, Director of Health. Director of Rockefeller Foundation's international health division; Director of Commission on Tropical Diseases for the United States Army; honorary consultant to the Medical Department of the Navy. Citizen of the United States.

Mr. ACHESON. Mr. Taber, I will do my best to explain to you the activities of the staff of U. N. R. R. A. in Washington and London offices which, as I have said, comprise practically all the people except those who are working on the matter of taking over the refugee camps.

The Washington office, as you know, is the main or head office of the organization. It is there that all the planning and preparation have to be done for the entire operation everywhere.

The London office is the principal field office because that is the site of most of the refugee governments, and the personnel of the U. N. R. R. A. office in London is in contact with the Governments of Norway, Belgium, Holland, and the various other countries which are situated in London.

The CHAIRMAN. Before you leave that, you have here under organization and personnel a graph showing the U. N. R. R. A. headquarters organization which is rather detailed and rather informative. There has been no deviation from this organization chart, has there?

Mr. ACHESON. No. That is the organization. The organization set-up as it appears in the chart headed "United Nations Relief and Rehabilitation Administration Headquarters Organization," is the staff planning the whole work of this Administration. It works through the various sections which are shown on that chart.

Taking up the activities somewhat in the order in which they developed, you have first of all to get a staff together and an organization together. That has produced at the outset a very large number of legal and diplomatic problems. They are problems that have to do, for example, with the question of taxation. Everybody who is employed by U. N. R. R. A. is a citizen of some country. Those who are citizens of other countries and come to the United States and are paid by U. N. R. R. A. immediately have questions raised as to whether they are subject to double taxation or not. All those matters have to be worked out by the general counsel's staff and by the diplomatic adviser, who undertakes to obtain for them whatever legal rights and privileges can be extended to an international staff in the United States and in other countries where they may be working.

There are also some very serious questions about communications which U. N. R. R. A. has to work out with the various governments so that they may communicate in some degree of safety with people in various parts of the world, and there are questions of protection of the staff when it goes into the field; whether they are subject to arrest, or whether they are subject to protection against injury, and all matters of that sort. Then there are numerous other questions of international law and of the laws of the various countries in which U. N. R. R. A. will operate which have to be decided. In addition there are regulations and orders of many kinds which have to be drafted when you set up a new organization. So you do require a substantial number of people to work on those problems which you meet at the very outset of the organization.

Similarly, you have a financial adviser whose duties are obvious, and who has to help get from the various countries their contribution so that the organization will have the funds with which to function.

Mr. LUDLOW. How does he happen to be a Pole?

Mr. ACHESON. I do not know why any individual is appointed. That has been done by Governor Lehman, and I assume that he looked into the qualifications of all these men and has employed the person he believes to be best qualified.

The big operating plans in the operation of U. N. R. R. A. fall into the three fields of supply, displaced persons, and health, and there you have to build a substantial organization from the ground up.

The health problem is one in which U. N. R. R. A.'s job is to bring together the various public-health departments of the governments concerned, to lay plans for dealing with epidemics and disease conditions and health conditions which may arise after the Germans are thrown out, and have available the necessary medical staffs and supplies.

You have read, I am sure, about the extraordinary work that our Army did in Naples in connection with the typhus epidemic. Situations like that are going to arise in all parts of Europe, and U. N. R. R. A. must be prepared, not only with plans for dealing with them and a staff for dealing with them, but it must have an organization which will bring together the public-health officials of France, Belgium, and other countries in Europe so that an epidemic which might sweep across a small country can be dealt with simultaneously in all parts of Europe.

That requires not only a large number of people in Washington, but also a substantial number of people in the field.

Similarly, when you come to the displaced persons problem, you have there something the like of which has never faced civilization before, so far as I know. You have in Europe 20,000,000 people who are away from their homes, in Asia probably 40,000,000 people. The first thing that has to be done is that you have to discover who those people are and where they belong, a colossal job of organizing and record keeping—How are we going to find out who they are and where their relatives are? All that has to be organized and a system worked out for the recording of who the person is, where he is, how he got there, and where he belongs.

You then have all sorts of problems which require professional personnel in regard to the care of these people. There will be children whose mothers and fathers are dead. That requires people who understand the care of children.

MR. TABER. Would not that sort of thing be done by these local governments rather than directly through an international organization?

MR. ACHESON. That is not what U. N. R. R. A. proposes to do, Mr. Taber.

MR. TABER. I do not see how they can do it.

MR. ACHESON. In dealing with these displaced persons, you are dealing with people who are away from the country where they belong.

MR. TABER. Do you mean the refugees?

MR. ACHESON. Yes. There are 20,000,000 of these people. Most of them are in a country other than their own country. Most of them are in a country that wants to get rid of them. They are not the responsibility of the country where they are now found; they are the responsibility of the country to which they are going. They cannot be turned loose and sent back to the country to which they belong until that country is prepared to receive them. Somebody has to organize this work to see that it is done intelligently and with a proper degree of speed so you do not have people suddenly dumped on a community which is finding it very hard to get along anyway. All of that requires a staff which understands the problem and which will deal with the officials of the various countries so that the countries where the people now are will keep them until they are ready to go to another country, and when they go to that other country they will be

ready to be received. That is the work of the Division of Displaced Persons and the Division of Welfare.

It requires a lot of people who are well trained.

Similarly, what you said about health is entirely true. U. N. R. R. A. is not the organization which itself is going to undertake public-health measures, but it must bring all the public health departments of those countries together. It must see that the doctors and the equipment are available so that these problems can be dealt with.

When you come to the supply field, there the Bureau of Supply, working with the Bureau of Areas, has to find out from the governments now in exile what their latest information is as to what will be needed in their countries. These things have to be put together on a uniform basis. You have got to know what is in the country, what the country thinks it needs, what can be brought into it, and what the reasonable possibilities of supplies are. All that requires an infinite amount of tabulation and planning and discussion with the exiled governments and with governments of the supplying countries.

That, in a nutshell, is the activity of the staff of the home office.

The London office is the field office where questions are sent from Washington to be taken up with this, that, and the other government, and answers are obtained and sent back to Washington for further planning.

All of this work at the present time involves approximately 460 people. It will require a greater number of people before it can really be brought to the point of execution, and when you begin to carry it out you will need still more people. U. N. R. R. A. is building an organization and building plans to deal with these tremendously complicated problems, and it is building from the ground up. There was nothing to start with at all. It just had to begin at the very beginning.

If you would like further details, I shall be very glad to get them from the organization and supply them.

The CHAIRMAN. When the last war closed, fortunately unexpectedly, unfortunately it found us without adequate organizations to take care of these problems. The result was great confusion and some very unhappy situations. That is what we are trying to avoid in this war—we are trying to prepare in advance to meet that situation.

Mr. ACHESON. Correct.

Mr. WIGGLESWORTH. Have you any idea how large a personnel is contemplated for the fiscal year '45?

Mr. ACHESON. I do not know. The personnel would depend a great deal upon the beginning of operations. As soon as you get into the field you have to have a great many people other than administrative people, and you will have to have offices all over Europe.

Mr. TABER. Is it possible to provide anything that will give us a break-down of what these people are going to want in the line of a set-up such as green sheets that we are used to having on appropriations in connections with the personnel set-up?

Mr. ACHESON. I do not think that I am familiar with the green sheets.

RELIEF CONTRIBUTIONS OF THE UNITED STATES AFTER THE FIRST
WORLD WAR

Mr. TABER. On page 51 and I think on page 101 of the hearings before the Foreign Affairs Committee you referred to an amount of \$2,600,000,000 that was spent in one way or another in connection with relief or rehabilitation or something of that kind after the First World War. I am wondering if you could give us a break-down of the source of those funds.

Mr. ACHESON. There is some break-down right there; \$2,300,000,000 was United States Government loans, and so forth.

Mr. TABER. There was something like \$400,000,000, or perhaps not quite that much, of contributions and gifts in another way.

The CHAIRMAN. Including what other nations besides the United States?

Mr. TABER. I do not believe there is any other item than United States contributions involved in it, is there?

Mr. ACHESON. No, sir.

Mr. TABER. That is the way you understand it?

Mr. ACHESON. That is correct.

Mr. TABER. You said that you would try to find out the source of these funds?

Mr. ACHESON. I told Mr. Wigglesworth that I would find out whether there were any additional funds contributed by other countries, but these are all United States funds.

Mr. TABER. These funds were spent over a considerable*period of time after the war was over; is that not right?

Mr. ACHESON. I should think over a period of about 2½ years.

Mr. TABER. A good deal of it was spent in Germany?

Mr. ACHESON. I cannot answer that, but I doubt it.

Mr. TABER. Are you able to tell about how much of that was for food and clothing and how much of it was for rehabilitation of communities and that sort of thing?

Mr. ACHESON. It says approximately \$1,000,000,000 of the \$2,300,000,000 was United States Government loans for relief purposes primarily.

Mr. TABER. Was any of that sort of thing involved in reimbursable items such as we have had described to us here with reference to Italy?

Mr. ACHESON. No. These were all, the \$2,300,000,000——

Mr. TABER. An out-of-pocket proposition?

Mr. ACHESON. Except 10 percent which was repaid.

CONTRIBUTIONS TO UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION

Mr. WIGGLESWORTH. You told us the total that had been paid in on account of administrative expenditures to date. Did you give us the amount that has been paid in otherwise, for the main work of U. N. R. R. A.?

Mr. ACHESON. I think I told you about the British and the Canadian appropriation and the Icelandic appropriation.

Mr. TABER. What is the over-all total today?

Mr. ACHESON. The British contribution has not been paid directly to U. N. R. R. A., but has been made available for U. N. R. R. A. work as is proposed in the case of this contribution.

Mr. TABER. What is the total appropriation by all of the 44 nations to date?

Mr. Cox. In your statement under the first line, "Special statement," in your binder you will find that. The operating contribution which has been voted by the United Kingdom and the Icelandic Legislature shows a total of \$320,050,000. The administrative contributions are \$2,960,650.

Mr. WIGGLESWORTH. You mean \$320,000,000 of the \$2,200,000,000 total?

Mr. Cox. Yes; this is as of April 25, 1944.

Mr. WIGGLESWORTH. You might supply the correct figure.

Mr. Cox. We will bring it up to date.

(Information requested follows:)

CONTRIBUTIONS TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

In addition to the contributions for administrative expenses shown on the table which has been inserted in the record (p. 5055), the British Parliament has voted its full operating contribution of \$320,000,000 and Iceland has made a partial operating contribution of \$50,000. Canada has already authorized the use of \$10,000,000 for United Nations Relief and Rehabilitation Administration from existing appropriations and legislation has been introduced in the Canadian Parliament which would provide the full Canadian contribution of between \$75,000,000 and \$90,000,000. The Union of South Africa is also preparing legislation authorizing its full contribution.

Mr. WIGGLESWORTH. Have you any reason to expect that all of the 44 nations are going to contribute?

Mr. ACHESON. As I said, I hope they will all contribute something and that substantially all of those which have not been occupied will contribute the 1 percent.

Mr. WIGGLESWORTH. There is one item which you have touched on already, rehabilitation, supplies, and services; rehabilitation of public utilities and services are carried under this appropriation. You have already furnished it to the Foreign Affairs Committee perhaps, but will you define for the record what you mean by "rehabilitation," the extent to which it is contemplated to go under that word?

Mr. ACHESON. I think, Mr. Wigglesworth, that the Congress has made that pretty clear in the authorization statute; that is Public Law 267, which was approved March 28, 1944. We have two references in that law to this point. In section 3 of the act it says:

In the adoption of this joint resolution the Congress expresses its approval of and reliance upon the policy adopted by the United Nations Relief and Rehabilitation Administration at the first session of the Council, summarized in paragraph 11 of Resolution Numbered 12, and reading as follows:

"The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief. No new construction or reconstruction work is contemplated, but only rehabilitation as defined in the preamble of the Agreement. Problems, such as unemployment, are important, but not determining factors. They are consequences and, at the same time, motives of action. The Administration cannot be called upon to help restore continuous employment in the world.

Then the Senate provided in section 7:

In adopting this joint resolution the Congress does so with the following reservation:

"That it is understood that the provision in paragraph 11 of Resolution Numbered 12 adopted at the first session of the Council, referred to in section 3 of this joint resolution and reading, 'The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief,' contemplates that rehabilitation means and is confined only to such activities as are necessary to relief."

That will be presented at the next meeting of the Council and I have no doubt will be accepted by them and taken as the definition of what is meant by rehabilitation.

The CHAIRMAN. If there is nothing further, we thank you, Mr. Acheson, and we will resume our hearing tomorrow beginning with a statement from Mr. Crowley.

THURSDAY, MAY 11, 1944.

STATEMENT OF LEO T. CROWLEY, ADMINISTRATOR, FOREIGN ECONOMIC ADMINISTRATION; OSCAR S. COX, GENERAL COUNSEL, FOREIGN ECONOMIC ADMINISTRATION; DEAN ACHESON, ASSISTANT SECRETARY OF STATE; HAROLD STEIN, CHIEF, PLANNING AND CONTROL STAFF, LIBERATED AREAS BRANCH, FOREIGN ECONOMIC ADMINISTRATION

Mr. LUDLOW. Mr. Crowley, I understand you have a general statement that you would like to present. We would be very pleased to have it at this time.

Mr. CROWLEY. Thank you. I think each member of the committee has been furnished with a copy of it.

GENERAL STATEMENT

Against the Axis drive to dominate the world, the United States has joined together with other freedom-loving peoples in an association of United Nations to stem the enemies' attack and launch the offensives that will lead to victory. We have formed combined commands for our fighting forces and international supply agencies for our material resources so that on the fighting front and on the production line we can best mobilize our strength in the waging of the common war. The increasing power of the blows struck by the American and Allied forces have already proved the wisdom of United Nations cooperation. Now we are ready for the greatest of all drives toward the centers of enemy resistance.

It is essential that the United Nations continue to work together not only in winning complete military victory, but in making our victory secure. As we drive our enemies from the countries they have invaded and oppressed, it will be necessary to deal with the gigantic task of relief for the liberated peoples. The peoples freed from Axis tyranny cannot be abandoned by the United Nations to face starvation, disease, and ruin. It is imperative that the liberated peoples

be helped to the point where they have the strength to help themselves and join with us as self-supporting nations in laying the ground work for a secure peace in which the economic prosperity of ourselves and of all nations may be advanced. Because the United Nations have found that by combining their resources and their manpower they have been able to turn the tide of war—to translate defeat into victory—they have joined their resources again, in the United Nations Relief and Rehabilitation Administration, to meet the urgent tasks of relief for the liberated peoples.

On March 28, the President signed the joint resolution authorizing the United States to participate in the work of the United Nations Relief and Rehabilitation Administration. That resolution was fully discussed in the debate on the floor of the House in which many of the members of this committee participated. I think I may assume, therefore, that the members of this committee are generally familiar with the nature and objectives of the United Nations Relief and Rehabilitation Administration.

U. N. R. R. A., as it is popularly called, was established last fall at Atlantic City by agreement of representatives of 44 nations. It is a cooperative undertaking to provide to the distressed peoples of the liberated areas the emergency relief assistance that is essential to enable them to help themselves. Through U. N. R. R. A. the responsibilities for providing this assistance are equitably distributed in accordance with their resources among those nations that have not been invaded by the Axis.

The total amount which it is anticipated will be made available to U. N. R. R. A. by the contributing members is \$2,000,000,000. Of this amount the United Kingdom has already contributed its full share of roughly \$320,000,000 and the Canadian Government is now taking steps to make available its contribution of about \$90,000,000.

The joint resolution for this country's participation in U. N. R. R. A. did not itself make funds available for that purpose but authorized an appropriation to the President up to a limit of \$1,350,000,000. The bill which the committee is now asked to consider provides for the outright appropriation to the President of \$450,000,000 and authorizes the transfer, out of amounts available for lend-lease purposes, of supplies, services, and funds to the extent of an additional \$350,000,000. As U. N. R. R. A. develops actual experience in the administration of relief, it will no doubt be necessary to request this committee to appropriate the balance of the amount authorized. However, I believe that it is desirable to return to Congress for any additional amounts at a later date, so that Congress may have a full opportunity at that time to review the work which U. N. R. R. A. has been doing.

The present bill provides for the appropriation of funds for U. N. R. R. A. directly to the President. It is contemplated that the Foreign Economic Administration will be designated as the agency responsible for the procurement of U. N. R. R. A. supplies.

F. E. A.'s responsibility will include virtually all purchases made for U. N. R. R. A. in the United States. As a matter of general policy, in all countries which are members of U. N. R. R. A., its purchasing program will be handled by the appropriate supply or procurement agencies of the respective national governments. F. E. A., by virtue of its responsibility for our lend-lease and foreign-procurement programs, and its control over export trade, will be able to coordinate the

procurement and disposal of supplies for U. N. R. R. A. with all other demands from overseas for our goods, and to adjust U. N. R. R. A.'s programs to the limitations of domestic production and supply.

F. E. A. will consult with the officials of U. N. R. R. A. in Washington concerning their estimated requirements, and their plans for the furnishing of supplies by this and by other countries. Through membership in the appropriate committees of the War Production Board and the War Food Administration, the F. E. A. will assist those agencies in deciding what supplies should be made available from the United States to meet U. N. R. R. A.'s needs. Allocations of production for U. N. R. R. A. will be made in the usual way, by the War Production Board and the War Food Administration, after the Combined Boards have made their recommendations as to what countries should constitute the source of the supplies in question. In all these necessary planning and preparatory steps, F. E. A. will perform the function of furnishing information, and helping to formulate decisions.

After allocations have been made the principal administrative duties will fall to F. E. A. F. E. A. will review U. N. R. R. A.'s procurement requests in the light of availability, standards, and the like. It will obtain the supplies either from Lend-Lease or Army stocks, if they are available, or by placing requisitions through the Procurement Division of the Treasury or the Department of Agriculture, and will expedite contracts, packaging, storage, and shipment in accordance with U. N. R. R. A.'s needs and the availability of shipping facilities.

The accounting and auditing procedures established for U. N. R. R. A.'s financial affairs assure F. E. A. of adequate information as to how the United States contribution to U. N. R. R. A. will be spent.

In determining the amounts needed immediately to get the U. N. R. R. A. program under way, it has been necessary to make preliminary studies of the probable needs of Europe and the Far East based on such information as is now available regarding enemy-occupied areas. This information is derived from reports of our own intelligence services, reports smuggled out by the underground, and a very careful study of Axis periodicals and Axis administration of these areas.

The assumptions upon which any relief program for the occupied areas are based cannot be specific. Nevertheless much is now known about present conditions in the Axis-occupied areas and on the basis of our experience to date with planned demolitions and earth-scorching by the Nazis as they retreat, the conditions which are likely to prevail at the time of liberation can be generally predicted.

What cannot, of course, be foretold is how long the war will last; how complete will be the Axis collapse when it comes; what areas will be the first to be liberated; to what extent the occupied countries will be battlegrounds and to what extent Axis forces will disintegrate or withdraw without a struggle; and what season in the agricultural year will mark the liberation of the various areas.

The United Nations Relief and Rehabilitation Administration will not operate where there is actual fighting, except to the extent invited to do so by the United Nations armies. Primarily, its job will be to take care of the immediate relief needs of the liberated populations after the areas are recovered by the armies and restored to some measure of civilian control. The objective of U. N. R. R. A. will not be

to reconstruct or rehabilitate those areas in any long-range sense, but simply to perform the immediate job of meeting the essential requirements of the liberated populations for food and clothing, medical supplies and shelter and for the tools and equipment needed to enable them to meet their own essential needs by their own efforts.

The nations of occupied Europe have lost their homelands and suffered untold privations, but they have carried on with indomitable courage the struggle both inside and outside the Axis lines. They have every right to be proud of the contributions and sacrifices that they have made toward our common victory. They are not poor relations, but full partners in the United Nations. They most emphatically do not desire charity. They have made it abundantly clear that they wish so far as they possibly can to take care of their own needs. They will, in fact, do over 90 percent of the job themselves. To the extent that they have funds, they will purchase their own supplies. To the extent that they have goods and productive facilities, they will use those goods and facilities for their own needs and for the needs of their neighbors. U. N. R. R. A. will serve merely to supplement the resources which are not otherwise available.

In contrast to the tremendous areas of human suffering and want which the allied victories will uncover, the anticipated financial resources of U. N. R. R. A., some \$2,200,000,000, are slight indeed. While calculations of the dollar value of total needs are necessarily rough approximations which serve only to indicate their order of magnitude, it has been estimated that the total consumption needs of the liberated areas from their own and outside sources will aggregate something in the neighborhood of \$90,000,000,000 for an 18-month period after the war. This figure represents the total that the liberated peoples will need in the form of food, clothing, and other necessary goods and services. The total essential import needs of the liberated areas for the first 18 months, even if they are not scorched by the enemy or fought over for prolonged periods, are estimated at \$7,500,000,000. The magnitude of these estimates, as compared to the U. N. R. R. A. total of \$2,000,000,000, emphasizes the fact that by far the greater part of the consumption needs of the liberated peoples will have to be met from their own resources after they have received the necessary goods and tools to sustain life. Comparative figures are shown on a chart in the binder under the heading, "Relief needs."

First on the relief program in all liberated areas is, of course, food. In all the occupied countries of Europe there have been severe food shortages and widespread malnutrition. In many areas, particularly in Greece and Poland, actual starvation has already taken a heavy toll. The policy of the Nazis has been to keep Germans fed at the expense of other peoples of Europe. France, for example, in spite of a poor wheat harvest in 1942 and utterly inadequate rations, was robbed by the Nazis of about 1,500,000 tons of grain and 500,000,000 pounds of meat. Denmark, Norway, and the other countries have been plundered in much the same fashion. In all the occupied countries shortages of milk, meat, fats, and oils are particularly serious.

We in the United States, consuming food at an average rate of 3,200 calories a day, can scarcely conceive of the hunger that is suffered daily by tens of millions of men, women, and children in the occupied lands. Two thousand calories, 1,200 less than ours, is the minimum

for an emergency subsistence diet, yet this is far above what millions in Europe have been getting under the Nazis. In Greece and Poland people have been striving to keep alive on a daily diet of as little as 500 calories a day. In many other countries the situation is very slightly better.

The need that will face the civilian authorities in the wake of our liberating armies will be acute at best. It will be even worse if the Axis forces take with them the food produced in this year's harvest.

Even where there is food, the probable disruption of the internal transportation systems after liberation may prevent its effective distribution to urban centers. Bombing, military operations, and the German "scorched earth" policy all aim at the destruction of railroads, bridges, highways, and other means of transportation. Where such destruction has been widespread, as it was in southern Italy when we took over, it may not be possible for months to bring in locally produced food from the country to the cities, in anything like adequate amounts. The occupying armies will have urgent need for the trucks and other transport equipment they can bring in for their own military operations, and they are likely to have little or none to spare for the needs of civilians.

Clothing will be another serious problem. Textile industries in Western Europe which are dependent on imports of raw materials have been producing at 30 to 35 percent of the pre-war level. Hide production in occupied Europe has been cut in half since the war and the leather shoes that have been produced are for the feet of German soldiers. Wherever they have gone, the Germans have confiscated clothes and shoes for their army. The people of Europe have been virtually without clothing replacement for years and have been wearing out what clothing the Germans permitted them to keep. The refugees who have been coming into French North Africa and through our lines in Italy are in rags. U. N. R. R. A. will clearly have to provide considerable amounts of clothing and shoes. In addition, until the textile industries can be restored to operation, U. N. R. R. A. will have to send in piece goods and raw materials for the local production of clothing.

Present health conditions in Europe are very bad. Malnutrition and actual starvation, the inadequacy of clothing, and the destruction of housing and sanitation facilities have dangerously impaired the health of large sectors of the European population and made them easy prey to diseases and epidemics. Medical facilities and personnel have been taken by the Germans for Army use and drugs are generally in short supply. Infant mortality generally has doubled and in Greece it has been estimated that 9 out of every 10 new-born infants die. The tuberculosis rate has increased tremendously. In France, where before the war tuberculosis control had been quite successful, the number of dangerous cases has at least doubled. Reports from Belgium indicate 80 percent of the children are pre-tubercular. Cleanliness is essential to the control of skin diseases and diseases spread by lice, such as typhus. Because there is almost no soap, these diseases are spreading dangerously. Already there has been typhus of epidemic proportions in Poland and the Balkans.

Medical, hospital, and other health supplies and the trained personnel to distribute and use them will clearly be one of the first and most vital responsibilities of U. N. R. R. A. if diseases are not to

sweep the liberated countries of Europe in the wake of the United Nations armies.

Food, clothing, and medical supplies—these will be the most pressing deficiencies of the liberated areas which U. N. R. R. A. must assist in overcoming. Equally important, however, are the tools which the liberated peoples will need to start on the long job of rebuilding their economic life and becoming again fully self-supporting.

Here, of course, U. N. R. R. A. can only scratch the surface. It is not U. N. R. R. A.'s job to rehabilitate either industry or agriculture on a wide scale. The term "rehabilitation" is confined only to such activities as are necessary to immediate and essential relief. U. N. R. R. A.'s job is to provide the minimum number of tools, equipment, and spare parts needed to restore essential production of the basic foods, essential public utilities, and the manufacture of such other necessities as clothing, together with tools needed by the building industries if shelter is to be provided for the millions whose homes have been destroyed.

In the field of agriculture U. N. R. R. A. must help to supply pesticides, fertilizer, veterinary materials, farm tools, and farm machinery. In many of the occupied countries of Europe shortages of these supplies essential to food production have been growing cumulatively more severe for 4 years. The amount of phosphates available, for example, has been cut 75 percent from pre-war levels. There have been virtually no farm machinery replacements and existing equipment has progressively broken down. Draft animals have been slaughtered or stolen by the Nazis. It will be essential to maintaining and restoring agricultural production in the liberated areas to meet the most pressing of these production needs.

Supplies must also be provided to restore the fishing industry in Europe. Before the war, this was a very important factor in European food supply and, if speedily restored, it can soon again become a major source of the much needed protein foods. The fishing industry has been particularly hard hit by the war. In Norway the output of fish products has decreased 50 percent under German control. When we reached Sicily and southern Italy, we found fishing boats tied up for lack of nets, rope, and other supplies. Submarine warfare, mine fields, and naval operations had for a long time kept the industry immobilized and much of the equipment had to be repaired and refitted. This will doubtless be the condition all over Europe.

Food-processing equipment is another great need. There must be containers and packing materials for the transportation and distribution of vital crops. One of the Army's big problems in Sicily has been to secure sufficient packing materials for the abundant citrus crop. In addition, food-processing plants such as canneries, where they have not been destroyed in the course of military operations, have been deliberately demolished by the retreating Germans. Many parts of Europe produce vegetable and fruit crops of great value which can be saved only if U. N. R. R. A. has sufficient quantities of food-processing supplies and equipment immediately at hand.

There will also be a great need for tools and raw materials to patch up and repair essential public utilities. U. N. R. R. A. cannot expect to rebuild electrical power facilities on any large scale, but it can, by fitting together undamaged parts of existing equipment, restore partial service on an emergency basis if the necessary tools, wire, and minor

parts are provided. This will also be the case with communications systems. In Naples the Germans destroyed the telephone exchanges. When the Army came in it was able to set up a telephone system for its own use but could allow only 100 lines for essential civilian purposes. If you can visualize a highly modernized city the size of Washington with only about 100 phones to be divided among the police and other essential municipal services, the markets, public utilities, and retail trade, you can get a picture of the necessity of at least a partial restoration of essential telephone and telegraph services after liberation.

A patch and repair job will have to be done also on transportation facilities, particularly urban transportation. In Naples, even after 3 months of military occupation, the working hours were necessarily curtailed by the fact that masses of employees had to walk many miles from their homes to places of work morning and night.

Tools will be needed for rebuilding homes. Local supplies and raw materials can be used if cement plants, lumber mills, and quarries are restored to at least partial operation.

One of the most terrible and tragic situations which will face U. N. R. R. A. will be the many millions of homeless and displaced persons. They include those whom the Nazis have transported into Germany to work under slave-labor conditions, political exiles and Jews, and all those who have been driven from their homes by military operations.

War and the special brutalities of Nazi persecution have scattered and scrambled the people of the occupied countries as never before over the whole face of Europe. The greatest migrations of modern times will be involved in the return of these people to the homes from which they have fled or been driven. The task of organizing these migrations on an orderly basis is gigantic. Clothing and temporary shelter must be provided. Already there are refugee camps in north Africa and the Middle East. Similar camps in other areas must be established by U. N. R. R. A. where these people can be cared for, families can be reunited and arrangements made for their return to their homes. This will involve not only transportation, but the assurances that food, shelter, and work will be available when they reach their destinations.

I have spoken up to now of U. N. R. R. A.'s tasks only in terms of Europe, because we expect that U. N. R. R. A. will operate first in Europe. Similar problems will face U. N. R. R. A. in occupied areas in the Far East when they are liberated. In occupied China the shortages of food and clothing, the health conditions, the breakdown of transportation, the numbers of people who have been driven from their homes, will all be appalling. The Chinese will themselves, of course, do everything possible to meet the relief needs of their own people. But they will need help from us—all we can give—and the utmost that we can do would be a small return indeed for the contribution that China's magnificent 7-year struggle against the Japanese has been to the cause of the United States and the other United Nations.

The task of U. N. R. R. A. is not to remake the world. Nor is it to give money or a dole or jobs to the people of the liberated areas. They will be employed for years to come in rebuilding their shattered

cities and restoring their economic life. U. N. R. R.'s task is an emergency one, limited in both time and scope. It is to provide what is most urgently needed in the immediate future to sustain life and permit the liberated peoples to undertake for themselves the long work of reconstruction.

U. N. R. R. A. will not establish any organization for the direct distribution of relief except in the most destitute areas where local governmental authorities do not exist or where they cannot provide administrative assistance in distributing and allocating relief goods. In general, U. N. R. R. A. plans to turn over the supplies which it provides to local governments, or to the local people through ordinary channels of commerce or trade. These supplies will, to the extent feasible, be paid for in the local currencies. In certain areas, of course, U. N. R. R. A. may have to provide the services of specialized technicians, such as doctors, to supplement or supervise local groups. The great bulk of the U. N. R. R. A. budget, however, will be used for supplies.

The goods and services which U. N. R. R. A. furnishes from very limited funds in the face of so vast a need must be selected with the utmost care in order to achieve the maximum effectiveness in restoring productivity in the war-torn areas. The right things must be available at the right time. Advance planning and preparation are necessities.

These fundamental considerations have governed the formulation of the present appropriation request. The amount to be appropriated by section 1 represents the minimum portion of the United States contribution to U. N. R. R. A. which will be needed for the necessary preparatory steps prior to the time U. N. R. R. A. is given active responsibility by the Allied armies for relief in liberated areas. Of this \$450,000,000 estimate, approximately \$420,000,000 will be required (1) for the advance acquisition of those goods which require a considerable period of time after procurement has begun before delivery can possibly be effected, and which will not be available in sufficient quantities in stocks that can be applied to U. N. R. R. A.'s relief operations; (2) for the acquisition of seasonal surpluses which must be bought while they are available on the market; and (3) for the acquisition of such items as distress stocks of shoes and Army clothing and other supplies capable of being repaired and reconditioned, which can be used in liberated areas but for which no domestic demand exists. The balance of the \$450,000,000 consists of funds required for the administrative expenses of U. N. R. R. A. for 1944, the cost of procurement, the inland transportation of supplies, and the United States contribution to the cost of relief services, such as the care of displaced persons.

The amount to be appropriated by section 1 will be by no means sufficient for all of the supplies which U. N. R. R. A. will need from the United States after U. N. R. R. A. has begun active operations. The requested appropriation does not provide for essential goods which may be transferred from existing stocks as soon as U. N. R. R. A.'s active operations begin, nor does it provide for other necessary commodities for which the procurement period is short. Furthermore, the appropriation request does not include the funds for overseas transportation of U. N. R. R. A. supplies or for the full United States share of relief services to be provided in liberated areas. Funds for

these additional items will be needed as soon as U. N. R. R. A. is given definite responsibility for substantial relief operations.

The rate at which U. N. R. R. A. will need to spend such additional funds and draw on other supplies depends, of course, on the size of the area it is given responsibility for supplying and the rate of progress of the Allied armies.

For the first 6 months of field operations, U. N. R. R. A. should have available from the United States an estimated amount in goods, services, and funds, in addition to the appropriation requested, of between \$350,000,000 and \$550,000,000. These amounts have been estimated in the light of supplies that will be available in the United States after other present competing requirements have been met.

U. N. R. R. A. may require all or a part of these resources during the coming months when the Congress is not in session. In such a case, it is reasonable to expect that the offensive phase of the war in some areas of Europe, at least, will have been largely completed, so that requirements for supplies by the Army, Navy, Lend-Lease, and other United States Government agencies may be on the decline. In those circumstances available stocks of goods held by such agencies can be utilized for U. N. R. R. A.'s needs, if appropriate authority is provided in the appropriation act.

For this reason, authority is requested for the President to effect the transfer to U. N. R. R. A. when the need arises, of supplies or services procured with funds heretofore or hereafter appropriated to, or otherwise procured or obtained by, other Government departments or agencies and which are available for transfer under the terms of the Lend-Lease Act. Because it is impossible at this time to predict when U. N. R. R. A.'s field operations will begin, or how wide their scope will be in the first 6 months, we are requesting transfer authority at this time only in an amount not to exceed \$350,000,000 instead of the \$550,000,000 that would be required for operations on an extensive scale. Any amounts so transferred will be charged to and applied against the total authorized United States contribution to U. N. R. R. A. of \$1,350,000,000.

To sum up, it is proposed to finance U. N. R. R. A. at the present time in two different ways: First, through a cash outlay necessary for advance purchasing and for picking up those items which come on the market and which must be bought at once or lost; second, through the transfer to U. N. R. R. A. of supplies, services, or funds available to carry out the Lend-Lease Act, if the Lend-Lease need for these supplies, services, or funds diminish.

All the items in the budget estimate have been worked out in the light of these concepts. The binder before you contains a series of statistical tables under the heading, "Appropriation request," which are designed to explain the amounts asked for in the proposed bill. These tables show in some detail the proposed purchases of commodities and the proposed cost of the services which U. N. R. R. A. will need. Each table is divided into three columns. The first column shows the amounts needed for what has been designated as the preparatory period, that is the period before U. N. R. R. A. is called upon to undertake relief responsibilities in the field. The sums shown in this column are those necessary for advance procurement of items which take a long time to obtain, for the purchase of seasonal surpluses, and for the acquisition of supplies which can be used in liberated areas but

for which no domestic demand exists. The second column shows the amounts of goods and services which can be purchased or obtained after U. N. R. R. A. has received full operating responsibility. The amounts shown in the second column indicate the total additional expenditures which can be anticipated during the first 6 months of U. N. R. R. A.'s operations on an extensive scale. Against this total of approximately \$550,000,000, a request is made for only \$350,000,000 which represents, in our judgment, the minimum which should be provided in addition to the \$450,000,000 of direct appropriation to meet possible required expenditures during the period when Congress may not be in session. The third column shows the total of both previous columns.

If you will turn to the second of these tables, which shows proposed food purchase, you will observe how the division has been worked out between the amounts in the first column and those in the second. The first item in this table is grains, principally wheat. There is no need to buy this commodity in advance since it can probably be purchased from the stocks on hand when needed. Furthermore, U. N. R. R. A. needs this grain from the United States principally in the form of flour. It is unwise to store flour for a long period of time because of the danger of spoilage, but the United States has a considerable excess of milling capacity which can be put to work when needed. Therefore, no provision is made for the advance buying of grain and the total amount is placed in the second period.

On the same table, canned fish, milk, and cheese and salt pork are placed in the first category of items to be financed from the direct appropriation because these commodities must be purchased during the forthcoming production season this summer and there are no large available stock piles on which to draw. The domestic demand for salt pork is not great in comparison to the available supply, and it will constitute an important food item in several of the liberated areas. The amount shown on the table should be purchased before September 1, 1944.

The same urgency does not exist with respect to lard, which is being procured in large quantities for Army and lend-lease needs. U. N. R. R. A. will draw upon the stocks of lard which will probably exist when liberation occurs.

As to canned meat, some doubt exists as to whether or not the supply now coming on the market will be available to U. N. R. R. A. or whether the Army will require it all. Therefore, we have no assurance that we shall be able to procure canned meat for U. N. R. R. A. purposes at this time and no funds are provided for the initial period.

There are no large stock piles of dried beans, peas, and soy products, but there is no immediate urgency about buying them since they can be purchased as they come on the market. In general, there is a procurement lag of only 1 month in obtaining delivery of these products. F. E. A. will, therefore, buy for U. N. R. R. A. enough of these items for 1 month of its operations and will plan to buy the rest later after U. N. R. R. A. has received responsibility to act inside the liberated areas.

The same considerations underlie all the other tables. Most of the manufactured goods which are shown on tables 3, 4, 5, and 6, have a long procurement lag; that is, orders must be placed at least 6 months in advance of date of delivery. Therefore, most of these items are

placed in the first category. The most significant exceptions are health supplies and veterinary materials. These commodities will have to be drawn from the stocks of the Office of the Surgeon General of the Army where all Government buying of medical supplies and equipment is concentrated.

As these tables indicate, the United States' contribution to U. N. R. R. A. is primarily one of supplies. In working out the amounts of each item, careful attention has been given to the competitive demands made upon United States production and supply by the armed forces, lend-lease, our civilian economy, cash exports, and other claimants. The War Production Board and the War Food Administration have reviewed F. E. A.'s estimates of available supplies and have indicated that, in addition to all other demands, the quantities of goods indicated in the budget estimate can reasonably be expected to be available here for procurement during the next 12 months. In the same section of the binder, under the heading, Appropriation request, you will find copies of letters from the Chairmen of the War Production Board and the War Food Administration, indicating that they find the proposed budget in accord with procurement possibilities.

These tables are based on forward estimates of needs and supplies, and are not to be regarded as constituting an inflexible U. N. R. R. A. purchase program. As the war progresses, the United States supply picture may change, and U. N. R. R. A. may find that it will need supplies in different proportions from those shown in the tables. While it is expected that most of the sums indicated in the tables for the purchase of supplies will be spent in the United States, nevertheless, if shortages develop in any commodity, it is anticipated that practical considerations will control procurement, and purchases will be made abroad.

In addition to the supplies shown on tables 2, 3, 4, 5, and 6, it is estimated that U. N. R. R. A. will need funds to cover services and administrative expenses in the amount of \$184,000,000. A breakdown of this amount is shown in table 7. The first item shown is the administrative cost of procurement, which is the amount to be allocated to United States procurement agencies for buying the goods. This amount, for the whole budget request, is figured at less than one-half of 1 percent. The second item is the cost of transportation. In the first category this item amounts to \$20,000,000, which is intended to cover inland transportation and storage for the goods required in the preparatory period. The cost of overseas transportation is placed entirely in the second column, together with the cost of inland transportation and storage for the additional goods listed in that column.

The item for administrative expense of U. N. R. R. A. is the United States share of U. N. R. R. A.'s administrative budget for the calendar year of 1944. The first session of the U. N. R. R. A. Council recommended that the United States should contribute 40 percent of a \$10,000,000 administrative budget.

The last item is the United States contribution to relief services. Relief services will be required, as I have pointed out, for the administration and maintenance of refugee camps and for the handling of displaced persons. In addition U. N. R. R. A. anticipates that it will need cash to carry out the necessary measures to control epidemic and

disease, including the services of doctors and nurses and to care for homeless children and other helpless victims of the war.

Most of U. N. R. R. A.'s expenditures for these purposes will, of course, take place after liberation. However, refugees from the Axis have been coming into North Africa, the Near East, and liberated Italy for some time in considerable numbers and already present a serious relief problem. At present discussions are under way with a view to having U. N. R. R. A. assume responsibility for several refugee camps established in the Middle East and North Africa. To meet the United States' share of the cost of these camps it is therefore necessary to make some funds immediately available.

The bill contains provisions designed to achieve the economy in procurement and the transfers between Government stocks of goods which are basic to our plans for handling U. N. R. R. A.'s supplies from this country.

Section 1 provides that supplies or services procured from funds appropriated or authorized to be expended under the act may be retained by or transferred to any executive department, independent establishment, or agency. In other words, any stocks created for the benefit of U. N. R. R. A. may be drawn upon for the benefit of any other agency or department. This provision guarantees that goods purchased for U. N. R. R. A. will not be frozen in stock piles. Section 2, containing the transfer authority, provides that the President can make available to U. N. R. R. A. up to \$350,000,000 of such supplies as are available under the Lend-Lease Act.

The other provisions of the act are necessary to efficient administration. The first proviso in section 1 makes possible the same flexibility in the procurement of supplies for U. N. R. R. A. as exists in the established procedures of the several Government agencies which will have the job of securing supplies for U. N. R. R. A. use. This proviso also facilitates procurement of supplies from United States sources by Government agencies for U. N. R. R. A. with funds that have been contributed by countries other than the United States. For example, if in addition to the supplies which are to be bought in this country for U. N. R. R. A. with United States funds, U. N. R. R. A. wanted to buy some supplies here with dollars contributed by another member nation, this proviso would facilitate the use of such funds.

The second proviso of section 1 requires reimbursement from the \$450,000,000 of the appropriation to any Government agency from which supplies may be purchased for the benefit of U. N. R. R. A.

The last proviso in section 1 is designed to safeguard the civil-service status of employees detailed to U. N. R. R. A. as part of its contribution of specialized technical experiences.

The appropriation before this committee is an expression of faith and support for the revival of these oppressed people and a practical measure to secure their active cooperation and assistance to our armies immediately after the occupation. This proposed step will do more to stiffen the moral and physical resistance of occupied peoples at the present time and will do more to line up their active support after occupation than all the devices of psychological warfare.

I view this appropriation, therefore, as an important contribution to winning the war, a device both charitable and thoughtful, designed to win friends and allies.

There is a longer range consideration. Just as important as winning the war is winning the peace. The structure of peace after the war cannot be built upon a foundation of starvation, misery, disease, and suffering. Nations are composed of individuals banded together by common language, traditions, culture, and institutions. When these have been destroyed, when people have been displaced from their homes into slave gangs, when their cities have been demolished and their institutions violated, when their productive equipment is crippled by the application of the scorched earth policy of the retreating enemy, it is not realistic to assume that we can move in and regenerate nations into working units within a short time. The stories from reoccupied areas coming to us indicate that where the scorched earth policy is applied, our invading armies inherit chaos.

The armies, of course, will provide for the immediate needs during the period of active military operations and until a degree of tranquillity and self-government can be established. But the task of relief in the wake of the liberating agencies is a task for a civilian agency.

We must, therefore, undertake the minimum necessary activities to prevent starvation and disease and to build up in the initial period the individuals in the nation so that they, in turn, can help themselves and rebuild their own institutions according to their respective capacities and popular desires. If we can show this promise, this hope of self-regeneration, we can expect help for our advancing armies by the people of France, Belgium, Holland, Sweden, Poland, Czechoslovakia, and the other countries of the East.

To accomplish this they will need assistance in the form of seeds, agricultural supplies, and agricultural equipment. It will be necessary to bring in supplies to repair and restore transportation, water and sewage systems. The war alone has been dreadfully destructive but, in addition, these countries have been systematically plundered and we may expect the retreating axis armies to scorch the earth behind them as they withdraw. Such assistance as is tentatively indicated in the documents furnished to the committee is clearly not a program for rebuilding Europe. It aims only to give such simple minimum assistance as will enable the peoples of Europe to rise to their feet and themselves undertake the long hard task of restoring their own economic life.

The United Nations forces are moving steadily and inevitably toward victory. Among the United Nations forces our own Army is truly a world army. We in this country do not represent one race, one creed, a single geographic origin, but we represent a composite of many peoples united by common language, common culture, and institutions of our choosing. Any day one reads with sadness and resignation the names of battle casualties among our service personnel: Men and women, who trace their ultimate origins to different parts of the world, descendants of Englishmen, Poles, Greeks, and Russians, Swedes, Norwegians, Danes and Frenchmen, descendants of Italians and Irish forebears—all truly as American as the earliest settlers, united under the American flag and fighting for a common cause. This appropriation, gentlemen, is a token of faith in the cause for which these Americans are giving their lives.

All my training has been along business lines. Public misconception has it that people of such background are not supposed to be

sentimental about human suffering. The moral values in the present conflict, however, cannot be ignored even by the most hard-hearted and practical of men. There may be those who grant the highest motives and objectives in the present war and the coming peace, but still ask practical questions on how we expect to spend this money and what we are going to get in return.

The American people do not place a dollar value on life; nor do we want an interest rate on human suffering. This money will go to buy bread for the hungry, milk for the children, medicines for the sick, and to reunite families broken by war and shipped in bondage to different corners of the continent. And, of course, such medical service as U. N. R. R. A. renders as well as its work in repatriating the millions in Europe who have been driven from their homes will be matters exclusively for the U. N. R. R. A. staff. The immediate return, the gratitude and loyalty of those we help, will be intangible but no less real than the suffering. And they will help us in our advance to victory.

The CHAIRMAN. That is a very comprehensive and informative and convincing statement, Mr. Crowley, and clarifies, I think, some of the points so there can be no doubt about them.

Mr. RABAUT. It is a wonderfully clear statement.

The CHAIRMAN. Yes.

Mr. RABAUT. And one of the most humane statements that has been made in this room.

TRANSFER OF LEND-LEASE FUNDS AT TERMINATION OF PREPARATORY PERIOD

The CHAIRMAN. Your program as submitted to the committee, Mr. Crowley, seems to involve two groups of funds, one which might be termed for the preparatory period and one for what might be considered as the post-preparatory period. The preparatory period deals, I take it, with your operations during hostilities.

Mr. CROWLEY. That is right. During hostilities and before the military authorities relinquish control of the liberated areas.

The CHAIRMAN. And your second period, the period immediately following that, might be said to deal with the period when hostilities cease.

Mr. CROWLEY. Yes. After hostilities close in an area and U. N. R. R. A. commences operation.

The CHAIRMAN. All of that is rather indeterminate. Would you say that the first period terminates only upon cessation, complete cessation of hostilities; or is it possible that it might dovetail in with the period beginning with the cessation of hostilities in some territories although they may continue in other territories?

Mr. CROWLEY. I think that is right, Mr. Chairman.

The CHAIRMAN. The request for lend-lease funds seems to be based on the thought that these funds may be used for U. N. R. R. A. when the needs for lend-lease ceased, they may be transferred to U. N. R. R. A., and in that way shorten both time and money required in meeting our obligation.

Mr. CROWLEY. That is correct.

The CHAIRMAN. Would you say as to the point of time it would be feasible to stipulate that our lend-lease funds may be used for U. N. R. R. A.'s contribution upon the cessation of hostilities in

Europe, and would there be any objection to our including in the bill here a provision that upon the certificate of the joint chiefs of staff that this first period shall be considered to have terminated when the Joint Chiefs of Staff certify that the need for lend-lease is no longer necessary?

Mr. CROWLEY. I think that some provision like that, Mr. Chairman, would be perfectly acceptable to us with respect to transfer authority. Of course, we could not defer the use of the authority until the cessation of hostilities, since U. N. R. A. may have to go into operation before that time. However, some sort of a certificate from the Joint Chiefs of Staff might be a possibility.

The CHAIRMAN. Yes; to include in the bill a provision that would require that the \$350,000,000 should become available whenever the Joint Chiefs of Staff certify that the need for lend-lease no longer exists or that they have been reduced to such an extent.

Mr. CROWLEY. Yes. It would be feasible to make the exercise of the transfer authority depend upon an indication from the Joint Chiefs of Staff that the exercise of the authority is necessary or desirable.

BASIS FOR ESTIMATES

The CHAIRMAN. It would be of interest to know, Mr. Crowley, how the budget now presented was arrived at in terms of articles, and while we will take up the details later, I think it would be helpful to the members to turn to the binder, under the tab "Relief operations."

Mr. TABER. You mean in this binder?

The CHAIRMAN. The binder and turn to the division under "Relief operations," and have you give us a general picture of the origin of the requests with U. N. R. R. A. The explanatory matter on the left-hand page opposite this graph, I think will be very helpful, and will be included in the record. The procedure could be more graphically described by using the diagram, and we would like to have you give us a general picture of how it originated.

(The statement referred to follows.)

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION PROCUREMENT PROCEDURE IN THE UNITED STATES

United Nations Relief and Rehabilitation Administration will estimate its civilian relief and rehabilitation requirements and present its estimates to the Combined Boards for recommendation as to sources of supply. Copies of the United Nations Relief and Rehabilitation Administration requirements will be sent to the Foreign Economic Administration, the War Production Board, and the War Food Administration. Through representation on War Production Board and War Food Administration committees, Foreign Economic Administration and all other appropriate United States agencies will reach a determination of the United States position with respect to meeting United Nations Relief and Rehabilitation Administration's requirements from available United States supplies. This position will be presented to the Combined Boards for consideration in connection with United Nations Relief and Rehabilitation Administration's presentation of requirements, and the Combined Boards will indicate the countries from which the supplies should be obtained and in what amounts. United States allocating agencies will make their allocations, and these will form the basis for procurement in the United States. Foreign Economic Administration will be charged with the responsibility of obtaining the supplies either from its own stocks, from Army surpluses, or through United States procurement agencies, such as the Treasury Department, the Agriculture Department, and the Surgeon General's Office of the United States Army. Foreign Economic Administration will consider United Nations Relief and Rehabilitation Administration's procurement requests from the standpoint of availability, proper presentation to procurement

agencies, standards and the like. Foreign Economic Administration will then place requisitions for supplies with the United States procurement agencies and will expedite contracts, packaging, storage and shipment in accordance with the needs of United Nations Relief and Rehabilitation Administration and the availability of shipping facilities.

Mr. Cox. Mr. Chairman, the first step in procurement really goes to financing, and takes the form of this requested appropriation. In consultation with the U. N. R. R. A. people we went over the requirements and formulated the basic costs of the different things on which the request is made. As indicated in Mr. Crowley's statement the sum is split in two parts: the funds required for the preparatory period, and those required for the period of actual relief operations. After the enactment of the appropriation act relief requirements will be reviewed again in the light of potential procurement and U. N. R. R. A. will submit such reviewed requirements to the Combined Boards. We in F. E. A. will examine the requirements submitted, having already worked with U. N. R. R. A. on the purposes for which the request is made, and the requirements will also be worked over with the Combined Boards through the United States allocating agencies, namely, the War Production Board and the War Food Administration. When the allocations are made, then the procurement will begin through the existing agencies which are most expert in their particular fields. In other words, the War Food Administration would procure the food and the Treasury the raw materials and industrial equipment, following very much the system that is used under lend-lease of using the governmental organizations which are experienced in service of this kind.

After the request is approved and the funds are allocated to the particular procurement agency the goods are purchased and are distributed to U. N. R. R. A. when and as the need arises, or are turned back into civilian consumption if they are not necessary. Complete flexibility in assigning the purchased goods to the most urgent use for them is provided under the proposed language of the appropriation bill, which authorizes goods purchased for U. N. R. R. A. to be used by other agencies of the Government if they are needed more urgently by them.

ESTIMATES FOR PREPARATORY PERIOD

The CHAIRMAN. If the committee will now take up the document that is submitted, the small yellow pamphlet, I note from the total of the general request for the period following the preparatory period that the total need estimated to be covered by lend-lease transfer adds up to \$547,000,000. These figures, as you will note in the statement at the top, are given in millions. But, the transfer request is placed at \$350,000,000. I realize that this is somewhat speculative, but a start has to be made somewhere. Is there any significance to the fact that one total is \$547,000,000 and the reduced total \$350,000,000 other than the fact that you might feel that out of the \$547,000,000 the \$350,000,000 would be about what you could find suitable and available under the circumstances?

Mr. Cox. That is one one of the considerations, Mr. Chairman. Of course there are many more or less unpredictable items. The figure of \$350,000,000 is based on our best practical judgment taking into account the considerations you have mentioned and also the

desirability of affording the Congress an opportunity to look at things in the light of actual experience as soon as reasonably possible. Primarily, however, the difference in the two figures is, as Mr. Crowley explained in his opening statement, based upon partial and full-scale operation by U. N. R. R. A. in the first 6 months after the military period.

UTILIZATION OF AVAILABLE SURPLUS MATERIALS

The CHAIRMAN. You have stated, I believe, that it would be your purpose in fulfilling our commitment of contributions to U. N. R. R. A. to utilize to the extent possible the available stocks that are on hand whether they are located here or abroad, now with the Surplus Property Agency. How will you go about doing that; will it be through and by consultation with the War Surplus Property Administrator?

Mr. Cox. The machinery has already been set up, Mr. Chairman, for the handling of any surpluses when and if they develop, both through the redistribution system and by consultation with the Surplus Property Administrator and his staff.

The CHAIRMAN. That is definitely in operation at this time?

Mr. Cox. Yes.

The CHAIRMAN. And you are in consultation with the Administrator and with the other agencies that would be involved?

Mr. CROWLEY. That is correct.

The CHAIRMAN. You would have no objection to the insertion of a provision in this appropriation bill requiring that before new procurement is made for our contribution that it first be ascertained that such articles or supplies are not available or will become available in the required time from United States Government war stocks?

Mr. CROWLEY. I do not think so, Mr. Chairman, so long as adequate discretion is left in the Administrator. The surplus disposal machinery is so tentative at this point that I think it would be unwise to adopt a provision which would be administratively inflexible.

The CHAIRMAN. If that is true suppose you submit language that might be inserted with that provision in mind, that before your procurements are made and our contributions to U. N. R. R. A. are made, that it be first ascertained if such articles and supplies are available or will not become available in the required time from the United States Government war stocks.

BASIS OF CONTRIBUTION TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. LUDLOW. Mr. Chairman, I have a few general questions that are not all connected.

I understand that there are 44 nations who have bound themselves together in U. N. R. R. A.?

Mr. CROWLEY. That is correct.

Mr. LUDLOW. And the basis of contribution to the U. N. R. R. A. is national income?

Mr. CROWLEY. That is right; Mr. Acheson can give you the details.

Mr. LUDLOW. Of course the contributions will vary if based on national income.

Mr. ACHESON. Yes. The recommendation of U. N. R. R. A. to the governments is that those whose home territory has not been occupied during the war should contribute 1 percent of their national income for the year ending June 30, 1943.

Mr. LUDLOW. I was wondering why it would not have been better at least to have made national wealth one of the factors in determining what the respective amounts contributed should be rather than taking entirely the net income?

Mr. ACHESON. I think there were several reasons for that, Mr. Ludlow: One of them was that there is very little data concerning national wealth for most of the countries. National income has been something which the Department of Commerce has been working on for a great many years. It has the compilation of this information down to more or less of a science and it publishes an annual report on national income of the United States. Most of the leading countries have done the same thing, so the figures were available and it was the easier thing to do.

Mr. LUDLOW. If it were based on national wealth the contribution of the British Empire would be more than its proportion based on national income. I do not know whether that would be equitable or not, and I was wondering whether that had been taken into consideration when the matter was considered or when it was determined by the Council.

Mr. ACHESON. The recommendation was made by the U. N. R. R. A. organization. I do not know whether it would have made a great deal of difference; it probably would have been very confusing to try to find out just what the national wealth was.

The CHAIRMAN. Of course national income is a very variable matter. For instance, a few years ago our national income was only some \$37,000,000,000 and now I guess it is almost four times that.

Mr. ACHESON. Yes.

Mr. LUDLOW. And with such a fluctuating standard to go by I was wondering on that account if it is not a little bit undependable.

Mr. ACHESON. The idea of that is that if contribution is measured by a nation's income it is felt it comes nearer to the capacity of the Nation to make its contribution.

Mr. LUDLOW. As of what year was this income used; what was the yardstick year?

Mr. ACHESON. It was the last year; the meeting was in November 1943, and they took the year ending June 30, 1943, which was the last year for which statistics were published. It was believed that although, as you say, the income is variable, still for contributions at the present time, if you took the last year's income of the country you would have more dependable statistics.

Mr. LUDLOW. Has any thought been given to what the probable ultimate cost of this would be in carrying out U. N. R. R. A.'s program?

Mr. ACHESON. Only to this extent, that the recommendation was for a single amount for each country, with the belief and hope that that would see the job through, particularly, it if could be done promptly. If the job were not done and it was found that we were wrong in our hopes and predictions then the attitude was that each country would have to come back and lay the question before its own country.

Mr. LUDLOW. Upon that basis the United States contribution of \$1,350,000,000 was predicated?

Mr. ACHESON. That is right.

Mr. LUDLOW. I just want to pause to say, as the chairman said, that I think Mr. Crowley's statement is one of the most comprehensive and most illuminating I have ever heard delivered before this committee.

Mr. CROWLEY. Thank you.

Mr. LUDLOW. I think it is very informative as to the philosophy and the purposes of U. N. R. R. A. and I think it might very well be one of our very great human documents.

Mr. CROWLEY. Thank you.

MINIMUM EMERGENCY SUBSISTENCE DIET

Mr. LUDLOW. As I said, these questions are very much unrelated. I notice that you consider 2,000 calories as a minimum emergency subsistence diet.

Mr. Cox. Yes.

Mr. LUDLOW. But as I gather from your testimony you do not intend that to apply uniformly; for some countries you propose a different minimum from other countries.

Mr. Cox. It is intended to establish certain minimum standards that will apply generally. The amount of imported foods needed, of course, varies greatly.

U. N. R. R. A. PROGRAM WILL START AT END OF MILITARY PERIOD

Mr. LUDLOW. In all countries where U. N. R. R. A. operates.

Now, are your plans predicated on having any fixed time when subjugated countries will be liberated; have you any time scheduled, or is that something in the future limbo?

Mr. Cox. I would say it would depend upon the progress of the war.

Mr. LUDLOW. In giving the periods of operation you are not especially anticipating any particular date.

Now, in reference to China the national relief program seems to be somewhat less; is that because of the relatively inexpensive food to which they are accustomed? As I understand, rice is almost the uniform article of diet.

Mr. Cox. We have not budgeted specific amounts for any country because we do not now know what conditions will be like. But food habits, in China and elsewhere, will affect the cost of supplying food to any country.

Mr. LUDLOW. What place does U. N. R. R. A. play with respect to the Philippines? I have not heard any testimony about consideration being given to the Philippines. Do you have any distinctive problem there as distinguished from other countries?

Mr. ACHESON. There is a recognized problem in the case of the Philippines. The relation of the Philippines to the United States is, of course, very close, and I believe that there are now plans being made and work going on between the government of the Philippines and the Government of the United States on the question of relief.

Mr. LUDLOW. And it would involve a different type of relief job for the Philippines?

Mr. ACHESON. It would be more peculiarly American than in the case of other areas we are discussing because of our close association.

Mr. LUDLOW. Is there any program as of today carried on by U. N. R. R. A. in the Philippines?

Mr. ACHESON. No; and no program has been laid down that I know of for any country as yet. First of all there must be the military period, and U. N. R. R. A.'s program will commence at the end of the military period.

PROVISION FOR ADMINISTRATIVE COSTS OF PROCUREMENT

Mr. LUDLOW. One other question in regard to allocating purchases, the procurement allocations to the different existing agencies and the allocation of certain orders to certain purchasing agencies, like the Procurement Division of the Treasury; the purpose is to allocate also administrative expenses?

Mr. Cox. Oh, yes; they would come out of it; the expenses would be allocated to the agency involved.

Mr. LUDLOW. I should think that a very large emergency job thrown on an agency with the usual administrative set-up might cause it to bog down.

Mr. Cox. We trust that will not occur.

Mr. LUDLOW. And you are planning to make provision for that?

Mr. Cox. There is a special item for such administrative costs in the appropriation requested. The underlying theory of this appropriation is that all of the costs chargeable to U. N. R. R. A. shall be set forth distinctly and not be hidden away in the budgets of other agencies, so that the Congress can tell what the cost of the American contribution to U. N. R. R. A. is. Therefore, we have a separate item for the administrative cost of procurement.

U. N. R. R. A. IS NOT A RECONSTRUCTION PROGRAM

Mr. LUDLOW. It is the philosophy of this program that it is a relief operation and not a program of reconstruction?

Mr. CROWLEY. That is right.

Mr. LUDLOW. But are not the two terms to a certain extent indivisible?

Mr. CROWLEY. Yes. But U. N. R. R. A. will only undertake such rehabilitation as is necessary for relief.

Mr. LUDLOW. For instance, if you furnish seed, as indicated in Mr. Crowley's statement, or if you rehabilitate a country with fish in order to restore food to a certain extent you are inevitably helping to reconstruct the country?

Mr. CROWLEY. You have to give them a little help to start them off.

Mr. LUDLOW. But aside from that motive no reconstruction whatever is in mind?

Mr. CROWLEY. That is correct.

Mr. LUDLOW. In the way of building structures to restore them to normalcy, except insofar as it is necessary to render relief.

Mr. CROWLEY. That is right.

Mr. O'NEAL. I would like to ask Mr. Cox to explain to me a little about this language which is not very clear, at least to me.

TRANSFER OF APPROPRIATION

The CHAIRMAN. You are referring to the proposed change in language?

Mr. O'NEAL. No; just the language in general. Could you pass money from one organization to another executive agency of the Government where you referred to transfers, in this language, to any executive agency?

Mr. Cox. For supplies or services.

Mr. O'NEAL. Of course, services is a very broad term.

Mr. Cox. I know. Of course, the expenditure of funds is limited very clearly by the provision contained in the first part of the act, which refers to the authorizing resolution passed by the Congress, and this limits the purposes for which the appropriation is made.

Mr. TABER. Where is that found in the law?

Mr. Cox. That is in the appropriation act itself.

Mr. O'NEAL. Any funds which are here made available can be transferred to any other agency?

Mr. Cox. To carry out the purposes contained in the act of March 28, 1944.

Mr. WIGGLESWORTH. If we go into Mr. Crowley's statement we find these words:

Any stocks created for the benefit of U. N. R. R. A. may be drawn upon for the benefit of any other agency or Department.

Mr. Cox. That is the converse. U. N. R. R. A. stocks if required for our Army, for example, could be made available to the War Department.

Mr. TABER. Well, is that so?

Mr. Cox. Yes.

Mr. TABER. Is that statement correct? If it is, we ought to know just what we are doing.

Mr. Cox. Yes, I think the statement is correct; it works both ways. I mean, if U. N. R. R. A. had some supplies the Army wanted, for example, in an emergency operation, they could call on us and make reimbursement to U. N. R. R. A.'s account; conversely, if the Army had some stocks they did not need and we needed them for relief purposes they could make them available and they would be charged to U. N. R. R. A.'s account.

Mr. TABER. Where is the legislation that sets that up?

Mr. Cox. In the first section.

The CHAIRMAN. And in both cases there has to be transfer of funds?

Mr. Cox. Yes; either way. The first section of the appropriation act contains three numbered provisos. The second proviso covers the case where the War Department has found it has supplies that it wants to turn over to U. N. R. R. A., the goods are transferred and U. N. R. R. A.'s funds are used to reimburse the War Department; the third proviso covers the case where U. N. R. R. A. has surplus supplies the War Department needs or may want to use, and the goods are transferred to the Army and reimbursement made to U. N. R. R. A. out of Army funds.

Mr. O'NEAL. I think the language is rather broad and I very much doubt the wisdom of the way it is drafted. It appears to me that you could take this money and use it perhaps to build up some other agency's operation.

Mr. TABER. It might go to the C. C. C.

Mr. O'NEAL. Or to any other agency——

Mr. TABER. To Farm Security.

Mr. LUDLOW. It would have to be used in line with the purposes set up in the act.

Mr. RABAUT. Where do you find it could be used in any such way, Mr. Taber.

Mr. TABER. It says that the supplies and services can be transferred——

Mr. RABAUT. But read the first paragraph.

Mr. TABER. I am reading what the language states.

The CHAIRMAN. But it is to carry out the provisions of the act of March 28, 1944, Public Law 267; that is very specifically provided and I do not think there is any doubt whatsoever about it.

Mr. TABER. This language that follows would control. That is a fundamental principle of legal construction.

The CHAIRMAN. You could not possibly use these funds for any other purpose except for the purposes of the U. N. R. R. A.?

Mr. TABER. Oh, yes.

The CHAIRMAN. Unless you had authority for the transfer of funds.

Mr. TABER. Well, it is here in this subparagraph 3.

Mr. LUDLOW. When it comes to the draft of the act, that can be taken into consideration.

Mr. Cox. The agency receiving a transfer of U. N. R. R. A. supplies or services can use them for its proper purposes. However, it must reimburse U. N. R. R. A. for them out of its own appropriations, and no agency can, by using U. N. R. R. A. supplies, increase its own appropriations or change the purposes for which that appropriation can be used. There is no intention to use the funds appropriated to U. N. R. R. A. or the funds it receives as reimbursement for supplies or services transferred to another agency for any purpose except to carry out the purposes of the U. N. R. R. A.

Mr. LUDLOW. You would have no objection to a clarification of the language?

Mr. Cox. No; not if there is any doubt about it, but I think the provision as it stands is clear.

Mr. LUDLOW. There is not any question about it at all.

The CHAIRMAN. Of course, it is not a question of intention; it is a question of law.

We always discuss the language after we have discussed the details of the estimates. When we get to that point we will be in a position to clarify the language.

Mr. Rabaut, have you any questions?

Mr. RABAUT. I have nothing to say, except to commend Mr. Crowley for his splendid statement. I would like to say just this: It brings forcibly to my mind the fact that the blood of every nation in the world flows in the veins of America. Columbia now will have the opportunity to be the great model that she is supposed to be, in spite of a war-torn world. When one thinks of all the horrible things about which we have heard in this room and then considers that the hand of charity is working here today to rehabilitate people all over the world who are suffering, it is an encouraging sign, something that fills me with pride.

That is all, Mr. Chairman.

The CHAIRMAN. It is characteristic of the American.

PROCEDURE TO BE FOLLOWED BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION UPON ARMY RELINQUISHING CONTROL OF AREAS

Mr. TABER. Maybe I am misinterpreting the trend of the evidence, but according to the way I see it, the Army proceeds into these localities and does the emergency work of rehabilitating and setting up things on at least a temporary basis; setting up the economy of the communities into which it comes. Is that about right? Have I the correct impression or not?

Mr. Cox. I think that depends on what you mean by these words. It is a question of emphasis. I think the primary emphasis of civilian supply from the Army standpoint during the military period is to do those things which are necessary, and directly related to military operations; whether it is to get people to unload boats or help improve lines of communication, or to prevent espionage or to maintain order behind the lines, and so forth. I do not think from their standpoint it is a relief operation. The Army's emphasis I think is on the military necessity of the relief operation, although there may be an incidental effect on the economy of the particular liberated area.

Mr. TABER. The Army moves in and takes charge. It restores the utilities and provides sustenance for the people of the territory into which it moves. Is that or is that not correct? If it is not, I want to know. I want to know whether you agree with what General Clay told us yesterday about this.

Mr. Cox. So far as what General Clay said, the answer is "Yes." As to the first part of your question, the answer is, as long as it is necessary for military operations, and it must be remembered that the need for relief continues for a considerable period after liberation.

Mr. TABER. I did not say that. What I said was that the Army moved into a situation. It restored the utilities and provided sustenance for the people of the occupied territory while it stayed there. The U. N. R. R. A. does not come in until after the Army is ready to give up the territory as a territory where military law must prevail. That is correct, is it not?

Mr. Cox. Not necessarily.

Mr. TABER. You mean that the Army gives up possession of this territory before it gives up its control?

Mr. Cox. No. But you put the emphasis on military law. They may give up the predominantly military control of the civilian supply, for example, and still retain military control in other respects. Sicily or Italy may be under the control of an Allied military commission and yet there may not be a substantial number of soldiers supervising and carrying on relief measures in the local communities there. As I understood General Clay, what he said was, that as a matter of degree, the situation in Sicily was fast approaching the stage where the Army was willing to turn the civilian supply problem over to the civilians, because the Army did not have to maintain the degree of military control which was necessary previously. That does not necessarily mean that you abolish all military controls.

The CHAIRMAN. As I recall it, all of that was off the record.

Mr. TABER. I did not understand that any of it was off the record. Am I wrong or right about that?

Mr. Cox. I think you are right on that.

The CHAIRMAN. It was all on the record?

Mr. COX. I think this part was on the record.

Mr. TABER. We all know that as the Army operates in a community, it restores the utilities, in order to have things fit into its picture. There is a very considerable item that becomes free for the use of a civilian population when the Army moves out.

Mr. COX. That is right.

Mr. TABER. The big job of restoring the utilities, that is on the Army's neck, is it not? I am trying to understand this picture. Am I not correct?

Mr. COX. Only as far as necessary to military operations.

Mr. TABER. Why?

OPERATIONS OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION AFTER THE ARMY RELINQUISHES CONTROL

Mr. COX. Well, take the Naples situation, for example. Germany had some 4,000 demolition engineers who, before our forces got in, blew up the key power and communication points. Consequently, when our forces moved in, there was no light, there was no heat, there was no water, there was no telephone, and so forth. The first job the Army engineers did was to restore enough of the utilities so that they could function. Take the telephone system, for example. Their restoration only provided 100 lines for civilians. I would not say that was restoring the telephone system.

Mr. TABER. Yes; but you had there probably nigh onto as many troops as you had civilians. When the operation gets to the point where the troops are able to move out, you would have a lot more than a hundred telephone lines available to civilians. That is just common sense. We do not need any help to figure that out.

Mr. RABAUT. Would you not say that that was a place about the size of Washington? I believe you did say that, did you not?

Mr. COX. That is right. You made an assumption, Mr. Taber, as to the number of troops, after which I think you ought to put a question mark; I do not think it ought to go in the record, because I do not think we can testify about that.

Mr. TABER. I made the assumption. It is my assumption.

Mr. COX. I would say, if the assumption is correct, then the conclusion is correct.

Mr. TABER. As to the telephone lines, I do not know how many they had before. Do you know?

Mr. COX. 30,000.

Mr. RABAUT. Now they have got 100.

Mr. TABER. But they will have a lot more when the Army moves out. They had a hundred after they made this restoration. They will have more as the Army moves along and gives up what it was using.

Mr. RABAUT. They had a hundred for the use of the forces that we are talking about?

Mr. TABER. No; they had a hundred for the use of the civilian population.

Mr. RABAUT. Who established them?

Mr. TABER. The Army.

Mr. RABAUT. That is what I am talking about; they had 100.

Mr. Cox. I am informed that the total of the telephone lines of the city of Naples restored by the Army for both Army and civilian use was 2,000 of which about 100 were available for civilians. So that when the Army moves out entirely there will be 2,000 lines for civilians out of a former total of 32,000 for the entire city. With further reference to your point, if you will notice on page 6 of the U. N. R. R. A. submission, the total amount requested for the American contribution of U. N. R. R. A. in communication supplies is \$2,000,000. Only half of this amount is for telephones. So that even if your assumption is correct, we are not proposing in terms of U. N. R. R. A. contribution to make any substantial contribution for communication supplies.

Mr. CROWLEY. Congressman Taber, isn't this what you are getting at, that the Army when it went into Naples, for its own purposes, partially restored the utilities?

Mr. TABER. They had to put a lot of them into service for their own purposes and in order to permit the civilian population to exist.

Mr. CROWLEY. And so that they could use the facilities themselves?

Mr. TABER. Surely.

Mr. CROWLEY. It would be reasonable to assume that after they completed military operations there and moved out there would be some benefit to the civilian economy.

Mr. TABER. Why, certainly.

Mr. CROWLEY. But that does not necessarily mean that they fixed the communications up in such shape that they had a complete utility system, water, sewerage, electric plants, things like that, to service that community at all adequately. It is reasonable to assume that they went in and did all that they had to do in order to serve themselves and to quiet things down during the period they were there.

The CHAIRMAN. In other words, a makeshift job.

Mr. RABAUT. Yes; a temporary, makeshift job.

Mr. CROWLEY. Yes.

Mr. TABER. It is all more or less a makeshift job until you get to the time when these folks can do it themselves, anyway.

Mr. CROWLEY. I think that is right but what may be adequate for military purposes may be completely inadequate for civilian needs.

Mr. RABAUT. That is what was said in the statement.

Mr. TABER. You are figuring, according to the way I understand it, that you will probably follow the Army as the Army moves out; maybe after it has expended the \$560,000,000 that it has set up to carry its relief operations during the period of its occupation. The things that you need to do, in the meantime, are limited to territory that might be under your jurisdiction in the first 6 months of the next fiscal year, plus the territory you already have on your hands. Is not that about right?

Mr. CROWLEY. I think that is right, Mr. Taber but I should say the next calendar year—1945.

Mr. TABER. That means that the things that you will require most of will be going into stock piles between now and the first of next January?

Mr. CROWLEY. I assume that it is fair to predict that we would not get into any substantial operations during the next 2 or 3 months. Most of that would be the organization period, getting your stock piles and contracts made, and things like that; isn't that so?

Mr. ACHESON. I think that is right, for the next 2 or 3 months. I think you might well be in substantial operations before the end of this year.

Mr. TABER. How will you be in substantial operations unless the Army moves out?

Mr. RABAUT. Will the gentleman yield to me for a minute?

Mr. TABER. I think we will get ahead faster if we proceed in an orderly way; otherwise I will have to go back and start all over again.

The CHAIRMAN. The gentleman declines to yield.

Mr. TABER. It just does not make sense to me—maybe it does to somebody else—that we should provide the funds, that we should be asked to provide the funds to take care of the civilian population in the occupied territory for the Army, and then expect us also to provide the funds to take care of that same civilian population for U. N. R. R. A., during the same period. That just does not make sense to me and I think we ought to know where to draw the line here.

Mr. CROWLEY. You are not providing funds for U. N. R. R. A. and providing funds for the military, for the same period. As I understand this now, the military carries on a certain amount of this relief while they have the occupancy. The only time U. N. R. R. A. goes in is after the Army has moved out, except where they are invited in by the Army. Is not that correct?

Mr. Cox. Yes. That was well understood in our hearings before the House Foreign Affairs Committee.

Mr. CROWLEY. And when U. N. R. R. A. moves in, then your Army expenditures decrease, or stop. Of course, there must be some dovetailing and coordinating, Congressman Taber, between U. N. R. R. A. and the Army. You just cannot move the Army out and move U. N. R. R. A. in on the same day. There must be some coordination and transition.

Mr. TABER. That perhaps is so. On the other hand, there does not have to be a dovetailing as to an individual locality that extends over 5 or 6 months. The shift should be rather rapid when it comes. I do not mean in 1 day, but in a moderate length of time.

Here we have an application to the military subcommittee for funds which are supposed to take care of that relief need down to about the first of the year, in occupied Europe. Then we have another item here for U. N. R. R. A.

I have been assuming, after hearing the statement of General Clay, that U. N. R. R. A.'s really active and important operations would not begin until after the Army program was over. If that is true, arrangements should be made legislatively to see that that relief item that is provided for the Army, stocks and everything else, are turned over to U. N. R. R. A. in that period; because otherwise we would evidently be appropriating, providing too much funds for the Army for that purpose, if U. N. R. R. A. is going to get in there before the first of the year.

To look at the thing in any kind of logical or fair way from the Government's standpoint maybe is reactionary and hard-boiled, but I think it is a darned sight more humanitarian than it is to double up on your activities and get into a position where you are running wrong end to.

COORDINATION OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION PROGRAM WITH ARMY EXPENDITURES FOR RELIEF

Mr. CROWLEY. I do not think we are doubling up at all. As far as the military is concerned, I would be the last one to indicate that I thought I was a judge as to how much money the Army ought to have for this relief when they move into these occupied territories. I think it is very necessary that the Army have that money.

Now, as I visualize this problem from an operating standpoint, there is not a dollar of U. N. R. R. A.'s money spent in a territory as long as the Army is going along and operating in that territory and providing relief. The only time that U. N. R. R. A. goes in, after the Army has taken occupancy, is when the Army asks them to come in, with the thought in mind that U. N. R. R. A. comes in to do a certain part of this work so that the Army may begin to be relieved of it. But there certainly is not any intent that the Army shall spend money and that there shall be a duplication of the same kind of work there by U. N. R. R. A.

Mr. TABER. Yes; but if we are asked to provide what the Army says in their judgment is necessary to carry on this relief work for a 6-month period, and we do provide it, and then we provide for another set-up without having that whole thing in mind, we are providing two set-ups to do the same job.

Mr. CROWLEY. Congressman Taber, I think you are taking the attitude that the management of U. N. R. R. A. is going to be perfectly irresponsible; that they are going to get this appropriation and see how quickly they can spend it, and spend it during the same time that the Army is doing their work, in order that they may have the fun of spending it.

The appropriation is being made, as I understand, so that we may make our contribution to United Nations Relief and Rehabilitation Administration in order that we may carry out the purposes of the U. N. R. R. A. authorization bill. If the Army, if the whole war, is slowed up, there is no doubt that it will slow up very definitely the part that U. N. R. R. A. can play in this relief work.

But, Congressman Taber, when you are talking about making an appropriation of \$450,000,000 for our part of it; if that is what it costs us to help provide relief for those people in the occupied territories, it is not a lot of money for this Government to contribute; it is not too much if it is handled on such a basis that we get the most good for the money spent, in the way of good will and the restoration of those people, so that we may minimize human suffering in the countries of our allies in this war.

CREATION OF STOCK PILES OF FOOD AND MATERIALS

Mr. TABER. I am looking at it from just that standpoint and I rather have doubts that the other side of the table appreciates that whole situation. The way this thing is put up to us, it means a continuation of this policy which has been going along and which has been built up in this country, of tremendous stock piles of all sorts of things, that has wasted and dissipated our manpower. And there does not seem to be the slightest thought of laying the thing out on the table and showing what there is in sight, and what it is that they need to

have stock piles of, or how to do anything on a business basis. That is the thing that bothers me. I am going to tell you something of that kind that came to my desk this morning. Maybe you do not bother with those things, but they make an appeal to me.

Creamery butter in cold storage, April 1, 1944, 82,000,000 pounds; April 1, 1943, 16,000,000 pounds.

American cheese in cold storage, April 1, 1944, 121,000,000 pounds; April 1, 1943, 64,000,000 pounds.

I could go on with that same kind of picture. We have the same kind of picture with respect to a lot of these things that we got the other day from Colonel Olmstead of the War Food Administration.

I like to see these things handled in a way that will not dissipate our resources, because, to my mind, the dissipation of our resources is hindering the war effort.

Mr. CROWLEY. Congressman Taber, no one wishes to dissipate our resources. But with all of the starvation that exists today we must build up sufficient stocks to meet the needs of the areas when they are liberated; otherwise supplies may not be available.

(Mr. Acheson made a statement off the record.)

The CHAIRMAN. I suggest, Mr. Acheson, that you submit that statement in revised form, for the record.

Mr. ACHESON. I shall do that.

(The information requested is as follows:)

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. Taber has raised the question of the need for appropriating this amount for United Nations Relief and Rehabilitation Administration operations during the fiscal year 1945. This question implies that United Nations Relief and Rehabilitation Administration's activities during this period will be confined largely to stock-piling and preparatory work and that, in view of the responsibility of the military authorities for civilian relief during the initial period of military responsibility, United Nations Relief and Rehabilitation Administration will have relatively few direct relief operations to conduct during this period. I should like to make it clear that it is more than likely that United Nations Relief and Rehabilitation Administration will be called upon to take responsibility for substantial civilian relief operations during the next fiscal year and even before the end of the calendar year 1944.

The requested appropriation of the Army for relief is intended to provide for the cost of the relief requirements for 6 months of western Europe and certain parts of Italy near the battle lines.

I should point out that if fighting continues in Europe it may be desirable to extend direct lend-lease aid to the newly mobilized troops or the guerilla armies of our liberated allies. Such lend-lease aid may consist, not only of military supplies but also of other supplies for local production necessary to the support of the Allied armies. It is quite probable, however, that, depending on the trend of military operations, United Nations Relief and Rehabilitation Administration will be called upon to conduct substantial operations in these areas before the end of the next fiscal year. Thus, if the invasion of western Europe should occur this spring and operations should develop favorably, United Nations Relief and Rehabilitation Administration might be called upon to take over from the Army in western Europe by the end of 1944. Although the western European countries are expected to pay in foreign exchange for the greater part of their relief imports, it is probable, nevertheless, that United Nations Relief and Rehabilitation Administration will have considerable responsibilities in this area.

As to Italy, it is probable that Sicily, Sardinia, and a substantial part of southern Italy will be an area of civilian responsibility for relief before the end of 1944. If the United Nations Relief and Rehabilitation Administration Council should authorize United Nations Relief and Rehabilitation Administration to operate in Italy, this will be an important responsibility for which United Nations Relief and Rehabilitation Administration must be prepared.

As to the Balkans, which are expected eventually to be one of the principal scenes of United Nations Relief and Rehabilitation Administration operations, it has already been explained to you that United Nations Relief and Rehabilitation Administration may have to assume full responsibility for relief in Greece, Albania and Yugoslavia before the end of 1944, depending again upon the progress of military operations.

Finally, there is the eastern European area, which is particularly a Russian theater of military operations. While we cannot predict the timetable in this area and while we do not know the plans of the Soviet military authorities as to when or under what conditions they will expect United Nations Relief and Rehabilitation Administration to undertake operations therein, it should be pointed out that already portions of Czechoslovakia have been liberated and it is quite conceivable that United Nations Relief and Rehabilitation Administration will be called upon to assume responsibility at least in parts of Czechoslovakia and Poland before the end of this year. These, of course, will be important areas of United Nations Relief and Rehabilitation Administration's operations since Czechoslovakia and especially Poland will be seriously in need of United Nations Relief and Rehabilitation Administration's assistance after liberation. As to Bulgaria and Rumania, it is also possible that United Nations Relief and Rehabilitation Administration will have to take over in those areas during the period in question although further authorization of the Council will be needed as in the case of Italy.

Thus, despite the fact that our military authorities are making plans for the initial relief of areas occupied by them, it is practically certain that United Nations Relief and Rehabilitation Administration will have substantial relief responsibilities in various parts of Europe during this period either as a result of taking over from our military authorities at the end of the military period of relief in areas of our military operations or as a result of taking over from the armies of other nations in theaters of operations in which United States forces will not participate. While we cannot predict the exact scope of United Nations Relief and Rehabilitation Administration responsibilities in Europe during this period, we must plan on the assumption that they will be substantial and we must be prepared for United Nations Relief and Rehabilitation Administration to take over with the minimum of dislocation from the respective military authorities.

COUNTRIES THAT WILL REQUIRE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION ASSISTANCE

The CHAIRMAN. We will resume the hearings.

Mr. TABER. Can you give us, Mr. Acheson, the picture of the group of people that you are anticipating might be in a state which would require that this country look after them in the eastern part of Europe? What peoples are they?

Mr. ACHESON. Are you referring to U. N. R. R. A. operations?

Mr. TABER. Yes. That is what we have been talking about.

Mr. ACHESON. I do not know whether you mean anything peculiar to this country of the whole U. N. R. R. A. operation. I think, starting at the south, perhaps the greatest problem of all is going to be Greece. Greece, as you know, is in a very bad state now and will continue to be for some time. Greece's neighbor Yugoslavia will also be in a difficult situation, though perhaps not as great because there may be more local production of grains in Yugoslavia than there is likely to be in Greece after the enemy leaves. I should say that of the enemy countries, Rumania, Hungary, and Bulgaria might well be self-supporting, or nearly so. Probably so as to foodstuffs, anyway.

Mr. TABER. You would not expect that to be reached from the standpoint of U. N. R. R. A. for a long time to come?

Mr. ACHESON. I should think that they might be reached quite soon but I am not a military expert.

Mr. TABER. You would not think the Army would want to give up control of either Rumania or Bulgaria. I am not a military expert, but what I have seen of the picture would not make me think so.

Mr. ACHESON. If I may answer that question off the record, I will. (Discussion off the record.)

We left off talking about Greece and Yugoslavia. What I said about Yugoslavia applies to Albania. That will be a relief section. I think it is impossible at this time to forecast what U. N. R. R. A. may or may not do in the ex-enemy countries at that time, although there may be operations having to do with displaced persons and perhaps health measures which may be necessary. There will be a very considerable need for civilian supply and relief work in Czechoslovakia. Poland will present a very serious and large problem. Poland has been denuded of a great deal of its agricultural machinery and has suffered a tremendous exodus of population. Populations that do not belong to Poland have been brought in there, and industrial equipment has been destroyed. The country is in bad shape and will require a great deal of assistance from U. N. R. R. A.

Mr. TABER. There are not so many people left in Poland as compared with the prewar population?

Mr. ACHESON. I think aside from the Jewish population which has been very seriously decimated—

Mr. TABER. How many Jews were there?

Mr. ACHESON. I can find that out for you. It is a terrible story. I can supply the figures on that.

Mr. TABER. You do not mean the ones that are gone. There is no point in providing funds for them.

Mr. ACHESON. That is quite correct. What I meant to say is that aside from the Jewish population which has to a very large extent been killed by the Germans, you will shortly have approximately the same number of Poles that you had before the war. Some Poles have been deported to various parts of Germany, but they will be brought back into Poland and will present a very serious relief problem.

Mr. TABER. You would not expect that as an early proposition, however.

Mr. ACHESON. I should expect that U. N. R. R. A. would begin operations in Poland shortly after the Baltic is opened. That may depend upon the collapse of Germany or upon some military operation that I cannot foresee.

Mr. TABER. You cannot take the population out of Germany and move it to Poland until Germany collapses.

Mr. ACHESON. The beginning of relief in Poland on a very large scale is contingent on the reopening of the Baltic, or the collapse of Germany, whichever occurs first.

Mr. TABER. Even the opening of the Baltic would not make it a major proposition until after Germany collapsed.

Mr. ACHESON. Or the Germans were driven out of Poland. They might be driven out of Poland before they collapse.

Mr. TABER. How many people are there in those territories?

Mr. ACHESON. I can supply that figure.

(The information requested is as follows:)

EUROPEAN POPULATION FIGURES

According to the most recent pre-war official census figures of the various countries, the total population of Europe, excluding the Union of Soviet Socialist Republics and the British Isles, was approximately 340,000,000. However, the date of the census in the case of many of the countries was as far back as 1930 so that the actual total population of Europe at the outbreak of the war was probably considerably higher.

Available figures for the occupied countries, excluding the Union of Soviet Socialist Republics and the enemy or enemy satellite countries, are as follows:

United Nations	Population	Enemies and enemy satellites	Population	Total
Eastern Europe:		Eastern Europe:		
Albania ¹	1,003,124	Austria.....	7,009,000	
Czechoslovakia.....	15,247,000	Bulgaria.....	6,550,000	
Greece.....	7,108,814	Finland.....	3,887,000	
Poland.....	34,775,700	Hungary.....	14,733,000	
Yugoslavia.....	16,200,000	Rumania.....	13,291,000	
	74,334,638		45,470,000	119,804,638
Western Europe:		Western Europe:		
Belgium-Luxemburg.....	8,686,553	Germany.....	79,375,000	
Denmark ¹	3,805,000	Italy.....	45,801,000	
France.....	38,000,000			
Netherlands.....	8,728,569			
Norway.....	2,937,000			
	62,157,122		125,176,000	187,333,122
Grand total.....	136,491,760		170,646,000	307,137,760

¹ Not one of United Nations.

NOTE.—Above figures taken from the 1944 World Almanac.

POLAND

The most recent official figure as to the population of Poland was 32,000,000; according to the 1931 census. It is estimated that this figure had increased to about 35,000,000 or more by 1939, of which about 10 percent, or 3,500,000 were Jews. It is impossible to make any accurate estimate of the change in population that has occurred in Poland since the outbreak of the war since available reports tend to contradict each other to a considerable extent. Some reports place the total number of deaths caused by the war and the occupation since September 1939, within the pre-war boundaries of Poland as high as 4,000,000 of which some 2,000,000 are reported to be Jews; other reports indicate substantially lower numbers of deaths. In addition, it is estimated that another 4,000,000 people have fled or have been deported. This latter group will in large part return after liberation.

BREAK-DOWN OF ESTIMATES

The CHAIRMAN. If the committee will turn to the folder or consult this orange-colored document, which is the document incorporated in the folder under the appropriation requests, you will find the break-down of this item. It is the first sheet in the secret document, in yellow. It is in the folder on a separate pamphlet. I suppose there is no objection to putting it into the record.

Mr. ACHESON. No.

(The table referred to is as follows:)

312 FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION, 1945

Summary of appropriations to carry out purposes of United Nations Relief and Rehabilitation Administration legislation

[In millions of dollars]

	Estimates for preparatory period	Estimates after preparatory period (partially covered by transfer authority)	Totals
Goods:			
Food.....	108	265	373
Food production and processing supplies.....	53	3	56
Clothing, textiles, and footwear.....	150	65	215
Health supplies and soap.....	8	61	69
Repair and operating supplies.....	100		100
Subtotal.....	419	394	813
Services:			
Administrative cost of procurement.....	2	2	4
Transportation costs.....	20	126	146
United Nations Relief and Rehabilitation Administration administrative expenses.....	4		4
Relief services.....	5	25	30
Totals.....	450	547	997
Appropriation request.....	1 450	2 350	800

¹ By appropriation of funds.

² By transfer authority.

The CHAIRMAN. It shows the segregation of amounts as between the two periods of use, between the preparatory period and the post preparatory period, according to the category of supplies to be furnished.

I notice that you followed in these tabulations the pattern you set in giving us detailed information on lend-lease estimates except that in those we were furnished with a country-by-country segregation. I presume this situation is somewhat different in that the country destination will be determined by U. N. R. R. A. and not by F. E. A., and will also not be until there is some change in the military situation?

Mr. CROWLEY. That is right.

The CHAIRMAN. The general outline in your estimate gives us a very practical approach to the problem. In order of the total needs, I see that you have food, \$373,000,000; clothing, textiles, and footwear, \$215,000,000; transportation costs, \$146,000,000; repair and operating supplies, \$100,000,000; health supplies and soap, \$69,000,000; food production and processing supplies, \$56,000,000; relief service, \$30,000,000, and U. N. R. R. A. administration, \$4,000,000, and administrative cost of procurement \$4,000,000, making a total of \$997,000,000. You are asking for \$800,000,000.

In procuring supplies I assume you will utilize the same procurement agencies that you use for lend-lease.

Mr. CROWLEY. That is right.

The CHAIRMAN. You will follow the same policy of procurement within the United States wherever possible as in lend-lease?

Mr. CROWLEY. That is right.

DETAILED ESTIMATES OF FOOD SUPPLIES WORKED OUT WITH WAR FOOD ADMINISTRATION

The CHAIRMAN. On page 2 we take up the first group. There is a detailed estimate of \$373.700,000 for grains, dried beans, peas, and soya products, canned meats, canned fish, lard, salt pork, milk, and cheese.

Now, is there a sufficient supply in the United States so they can be procured—some must be procured in the months just ahead, if they are to be had at all this year? Also, is there a sufficient supply in the United States from which they can be procured without unnecessarily depleting our own supplies?

Mr. CROWLEY. We have checked that and there is a sufficient supply available. I might say this has all been gone over by the War Food Administration.

The CHAIRMAN. Most of these, if not all of these, must be procured months ahead in order to be available when needed?

Mr. CROWLEY. Yes.

The CHAIRMAN. These will be properly processed and packaged to provide against deterioration?

Mr. CROWLEY. Yes.

The CHAIRMAN. And can be transported to any climate?

Mr. CROWLEY. Yes.

The CHAIRMAN. And they will last for a reasonable time?

Mr. CROWLEY. Yes. If there is no objection, we would like to put in the record a letter from the War Food Administrator along the lines that you have asked.

The CHAIRMAN. It will be inserted at this point.

(The letter referred to is as follows:)

WAR FOOD ADMINISTRATION,
Washington, May 1, 1944.

Mr. LEO T. CROWLEY,
*Administrator, Office of Foreign Economics Administration,
Washington, D. C.*

DEAR MR. CROWLEY: Members of your staff and representatives of our organization have discussed the possibility of securing food and other agricultural products from United States sources for use by United Relief and Rehabilitation Administration in liberated areas. Following these discussions you have developed a program which carries the general approval of the War Food Administration.

You are, of course, aware that we are unable to make a firm commitment on this program because of the uncertainties in predicting the course of the war. These same uncertainties necessarily influence the extent to which supplies will be available for United Nations Relief and Rehabilitation Administration.

While these uncertainties are present, I feel that this program for United Nations Relief and Rehabilitation Administration is reasonable under the circumstances. You may count on our full cooperation in meeting these needs.

Sincerely,

MARVIN JONES, *Administrator.*

INVENTORIES CAN BE TRANSFERRED TO THE MILITARY IF DESIRABLE

The CHAIRMAN. In case there is a possibility of deterioration, would it be practical, or have you considered, permitting the Army or the Navy to supply U. N. R. R. A., or to use these supplies that you have procured for U. N. R. R. A. and then replace them later on from their own supplies?

Mr. CROWLEY. The language of the appropriation bill so provides.

The CHAIRMAN. That could be done, and you are in position to do it if necessary?

Mr. CROWLEY. That is right.

The CHAIRMAN. This category will be procured by the War Food Administration?

Mr. CROWLEY. That is right.

The CHAIRMAN. Is there any statement that you would like to make with reference to this particular group in addition to what has already been said?

Mr. CROWLEY. I do not think so, except that of course, food products are an absolutely necessary and essential part of the relief program.

The CHAIRMAN. I note your impact statement at the bottom of page 2. They are not very large proportions of our total estimated 1944 supply. Of course, if we add the impact of lend-lease to our total 1944 supply to the U. N. R. R. A. impact, it will very materially increase some of these percentages. However, that would not be fair, would it, inasmuch as the lend-lease would cease or be largely reduced when the U. N. R. R. A. impact began to be felt?

Mr. CROWLEY. I think that may be true to some extent at least.

Mr. WIGGLESWORTH. I notice from your note on the impact, that the impact is figured only in terms of funds listed under the preparatory period which in dollars and cents is about 40 percent of the total. You state also that the time of procurement for requirements for the preparatory period is indefinite. It is not known for how long a period this will be spread.

When are the goods listed under the column "Required following preparatory period" expected to be used?

Mr. CROWLEY. That depends on when the Nazis give up or withdraw inside the continent of Europe. To give impact figures you have to take a time factor into consideration—what percentage will go out under U. N. R. R. A. for a given period of time; U. N. R. R. A. will operate on a substantial scale, when areas are liberated. We do not know when that will be. Furthermore in working out the impact figures for the second phase, the post-preparatory period, you do not know in advance with any degree of precision how much of the supplies made available by U. N. R. R. A. will be obtained from supplies previously acquired by the Army, Navy, or Lend-Lease, and which may become available for distribution by U. N. R. R. A. because other needs have diminished accordingly.

Mr. WIGGLESWORTH. In respect to western Europe, for instance, the goods are listed under preparatory period and would be utilized at the beginning of the next calendar year, at the earliest, would they not?

Mr. Cox. Not necessarily. In terms of the contingencies of war, various circumstances can develop. For example, if the pattern of the last war should be followed, with a request for an armistice by the Germans acceptable to the Allied forces, we would not have to fight across the whole continent of Europe, and presumably the period of military control would be much shorter. U. N. R. R. A. might then be called in fairly soon after the German collapse. Under such circumstances, you might have a token military force, and a short period of military control. On the other hand, you may have fighting almost inch by inch in different parts of western, northern, and southern Europe. Under such circumstances U. N. R. R. A. would be called in only for smaller areas well behind the front. Our experience in Italy and Sicily is an illustration. The Army now feels that Sicily has reached the point where it can be turned over to civilian agencies for the handling of civilian supplies, whereas in parts of Italy toward

Rome there is still a period of military control and there will continue to be such control.

Now, what the developments of the war will be, I do not believe anyone can predict with any certainty.

Mr. WIGGLESWORTH. The supplies listed in the post-preparatory period would not be obtained until the termination of the military period.

Mr. Cox. We cannot wait until the actual termination of the military period, to obtain them, because U. N. R. R. A. must be prepared to do the job when it takes over from the Army. But, roughly speaking, we would not have to obtain them for U. N. R. R. A.'s use until the end of the military period was in sight.

Mr. WIGGLESWORTH. So you would not expect to acquire them with respect to western Europe until at least the beginning of the next calendar year?

Mr. Cox. No. As I have said, there may well be a necessity for commencing procurement before the end of the year. Insofar as Sicily is concerned, we are already almost in the period following the preparatory period, because the Army wishes to terminate its control of civilian supply.

SUPPLIES MUST BE PROCURED AND AVAILABLE WHEN NEEDED

Mr. TABER. Turning now to these things that you have set up here that you want to buy, you have a great amount of beans and that sort of thing, not a big item in dollars. Also, you have canned fish, salt pork, and milk. Evidently you have a set-up there that is not entirely thought out. You are buying all your salt pork that you are going to want in a year in this preparatory period, when we all know ordinarily the big season for the pork business is in the winter and spring, and you are buying a great quantity of milk—I do not know what it is—dried milk and canned milk, and that sort of thing—when there are very substantial inventories available, so that it can be had most of the time. You are evidently figuring to buy in this 6 months' period all the milk and pork that you are going to use during the whole year. I am going into those questions and the fish question because those three items are practically the whole thing in the preparatory period and are evidently items that would not have to be bought too long ahead to get them in view of the stock piles that already exist.

Now, it does not seem to me that you have made a good case for having available to you in the first half of the fiscal year anything like the amount you have set up here for those three items. What have you to say about that?

Mr. Cox. I think that you are assuming a period of a year. Now, as General Clay testified in one illustration, if you want to make the quick transition from military to civilian responsibility in Sicily, then a civilian agency must be equipped and ready to handle Sicily. That might be U. N. R. R. A. That means that in that case, as an example, you would begin to operate almost the day after the Congress approved this appropriation or whatever adjustment period was required with the Army.

Mr. TABER. That answer is not responsive to the meat of the question, because the meat of the question is that you are evidently getting your whole period of supplies of those rather important items of diet

in the first 6 months, whereas the probability would be that you would not need them until later.

That is, the biggest part of them. I would not say that you would not need any of them, but the biggest part of them you would not.

Mr. COX. I had not finished the answer. With the civilian case as an example, and with what Mr. Acheson told you about eastern Europe, I do not know whether it is going to be within the first 3 months after the appropriation or within the first year when the load is going to fall in terms of need. That is one thing. Part of it is unpredictable. The important point about the split up of items between the so-called preparatory periods is that items that took a long time to procure or which become available at only seasonable periods are classed as preparatory and items which presumably will be available at all times are classed as post-preparatory. We have taken the advice of our food experts and the War Food Administration's experts as to whether it is necessary to procure particular items in advance.

Mr. TABER. You have got that amount set up as the part that you would need for the whole period. That is all that you have got set up.

Mr. COX. That is right.

Mr. TABER. There is not any break of an item there that would be required following the preparatory period. On the bean question you split it.

Mr. COX. That is right.

Mr. TABER. The bean question, perhaps, is in about the same state as the pork and milk situation at the present time. I do not know anything about the canned fish business and the stock piles on that.

Mr. COX. What I want to get clear is that as far as the need is concerned, aside from the stock pile, we may have to use the salt pork within the next 6 months and it may not be available in any event when we need it. There may well not be the great supply of salt pork next year that there is this year.

Mr. TABER. That is true. In view of the fact that you have set this up as your requirement and you have not set up anything in the following period, it seems that it was set up for the whole period.

Mr. COX. That is right. There is no question about that. As far as procurement and the stock-pile considerations are concerned, on the best advice we can get from our own food people and from the people in the War Food Administration, this is the most efficient and intelligent thing to do in the category of salt pork, milk and cheese, dried milk and canned milk. That takes into account that before procurement is engaged in if there are inventories available there is another relook at them, so it is not a question of new acquisitions if they are available. We must also look toward the acquisition of seasonal supplies during the flush season, when they are available.

Mr. TABER. We have all been learning a good deal about a lot of these things as the result of our experience, and we should cash in on those things.

Mr. COX. I think we should, and in general the war has demonstrated that our sights have been too low rather than too high and that we had too little and not too much.

Mr. TABER. We have had a large quantity of canned milk spoiled because we tried to carry it too long. I am just using that as an illustration of the kind of thing you are getting into when you try to buy too far in advance and stock-pile too much. The people that are

used to handling that kind of stuff know. We in the legislature and probably some of you folks heading up some of these agencies have not been through the mill on it, but when we get experience we ought to profit by it and not let the same thing happen the second time.

Mr. COX. In the milk case we are talking about apparently that refers to evaporated milk.

Mr. TABER. It would be canned milk.

Mr. COX. Yes.

Mr. TABER. Dry milk does not have the same degree of spoilage—susceptibility to spoilage.

Mr. COX. No.

Mr. CROWLEY. Mr. Cox and I do not disagree as to the fact that we should not go out and build up a stock pile in advance of materials which are already available. I can certainly understand the practical operation, Mr. Taber, that before we went out and bought something in advance, where the supply is reasonably long, we would look at the thing pretty carefully to determine whether it was necessary to buy, or whether we already had inventories available so that in case of some demand coming upon us immediately it could be met. Certainly it is reasonable to assume that before we acquire any stock pile we would try to determine that.

Mr. TABER. Yes, because when U. N. R. R. A. comes into the picture, when its program becomes effective, the Army's demand for stock piling and the Army's tremendous requirements for stock piling of food is going to stop.

Mr. CROWLEY. There is bound to be a time somewhere in this war that your stock pile necessarily is bound to start going down, and certainly those stocks and supplies should be available to us to draw upon as soon as the need for them occurs. But you must remember that the soldiers will continue to eat even after they have stopped fighting.

Mr. TABER. For instance, you have got salt pork here, quite a big item. That will keep longer than milk, but it cannot be kept forever, and have it very good.

Mr. COX. There is one other point that I think should be made. The intent of this language in the U. N. R. R. A. appropriation bill is to take into consideration just the point you have made—that pretty careful inquiry ought to be made as to whether any stock piles are available that can be used before any new supplies are bought. And certainly, as far as stock piles are available and can be used as Mr. Crowley points out they should be used, but that cannot be done unless there is money to pay for the goods.

Mr. TABER. But you would not want to buy from the Commodity Credit Corporation, for instance, stocks which they were pretty apt to distribute in that period.

Mr. COX. If their stocks cannot be drawn upon then we must procure supplies on the market.

Mr. TABER. But if they have reasonably good inventories and those inventories are going to pile up rather than go down—they pile up to the 1st of September, and after that they are going to be fairly stable until the 1st of December.

Mr. COX. Mr. Taber, we are relying on our food experts.

Mr. TABER. They will not be doing a lot after that.

Mr. COX. Let us assume on the 15th of October we want to acquire some inventories, just as a matter of good, intelligent management. Inquiries would be made of the Commodity Credit Corporation concerning what inventories are on hand. We would keep in mind the restoration of stocks that may be drawn upon, as well as determining what needs are likely to arise; but in any event when you acquire the stocks, you need to be able to finance them.

Mr. TABER. It looks to me like you have quite a considerable amount in there and that you could get along without that amount, in that set-up. I do not know about canned fish. I suppose it would keep for a year or so, but not too long.

Mr. CROWLEY. First, Mr. Taber, over a period of 6 months or a year's time, if you are reasonably right in your estimate of what you are going to have to have, you ought to be able to build up your inventory in 2 or 3 months, or something like that, for many supplies.

And, let us assume we learn that the Commodity Credit has a surplus inventory; it certainly would not be a good thing to go out and buy \$100,000 worth of milk, for instance, and take that over and warehouse it if Commodity Credit has milk on hand. So, we might buy only \$25,000 as long as that surplus remains on which we could draw; that would be an inventory which we could use.

But that, to my mind, does not mean that you would not need to have the money appropriated, because whatever inventory you use you need to have the cash available in the event you must use it to pay for the inventory. That is particularly necessary with highly seasonal products like fish, that can only be bought during the season.

Mr. TABER. Why should we set up ourselves to attempt to manage the imports of everything into a country where they might have the funds available to handle it themselves? That is something I have wanted to ask. I did not ask it yesterday afternoon but I am wondering if that kind of an operation will not create a very serious trouble in these other countries.

Mr. COX. As Mr. Acheson testified yesterday, and I think it is the considered policy, as far as the F. E. A. is concerned, affecting the resolution, any country that has foreign exchange, whether it is in gold or dollars, will acquire imports in the United States with it, and those imports will not come out of U. N. R. R. A.

Mr. TABER. That would do away with a good many of the operations of U. N. R. R. A., would it not?

Mr. COX. It would from the standpoint of financing, but these estimates are exclusive of what we assume will be purchased by those countries which can afford to pay for the goods they acquire in the United States.

Mr. TABER. For instance, if France, the Netherlands, Belgium, or Denmark were able to buy their own stuff it would be quite ridiculous for us to be trying to run it for them.

Mr. CROWLEY. Yes; except that F. E. A. might buy for them in order to continue the advantages of centralized procurement.

Mr. TABER. And if they buy their supplies it would make the burden very much lighter on U. N. R. R. A., and you would not have to figure on that.

Mr. CROWLEY. That is right, but these supplies are not included in our budget.

Mr. TABER. I understood that U. N. R. R. A. was kind of going into the grocery business.

Mr. COX (interposing). No.

Mr. TABER. In all of these places, or some of them.

Mr. COX. No.

Mr. TABER. And it seemed to me that was apt to lead into trouble.

Mr. CROWLEY. May I say something off the record?

The CHAIRMAN. Yes.

(Discussion off the record.)

ESTIMATE COVERS 6 MONTHS OPERATION

Mr. WIGGLESWORTH. I notice all of this is figured in metric tons. Over how long a period of time are these items before us supposed to cover? It seems to be figured in terms of population.

Mr. COX. It is intended to cover about 6 months of full operation. Now, population was one of the things that was taken into consideration in the way this appropriation request was made up. Requirements were figured in terms of the population and of special local needs. For example, we used detailed studies based on the information we have from inside Czechoslovakia, Poland, Greece, as to what their diet is, what the food situation is, and so forth.

Against the over-all needs so estimated we placed estimates of what could be produced locally, and so arrived at the amount of what would be the indispensable minimum of supplies that would have to be brought into those countries. Then we proceeded to consider the amount of those supplies which could reasonably come from the United States, a figure which depended on available supplies here in the light of other competing demands, the limitation on U. N. R. R. A.'s funds and what other countries could probably supply.

You may want to examine this sample sheet, showing diet levels in occupied countries, Mr. Wigglesworth.

Mr. WIGGLESWORTH. This is in terms of calories?

Mr. COX. That is right.

Mr. WIGGLESWORTH. It does not give us a very good picture.

Mr. COX. Calorie content of the average diet is one of the most important factors in determining the amounts of food needed. For example, the diet of the Poles and the Greeks is 800 calories per day on this table, while the minimum subsistence level is 2,000, and the average per day for this country is 3,200 calories.

Now we have tried to base our program on the items that can be produced here which are essential to the diet of those countries, providing them with things the people there are accustomed to eat rather than trying to develop something fancy, some new diet that does not fit their needs.

RELIEF SUPPLIES WILL SUPPLEMENT REGULAR SUPPLIES

Mr. WIGGLESWORTH. For example, \$10,000,000 worth of grain is included in this table, when added to such grains as may be provided from other sources. Now U. N. R. R. A. intends to cover a period of 6 months in respect to all countries?

Mr. Cox. At least.

Mr. WIGGLESWORTH. In western and eastern Europe and any other country that U. N. R. R. A. may function in.

Mr. Cox. That is right, but U. N. R. R. A. will only provide, for that period, or for a longer period if need be, the difference between the local production of cereals and grains, in the liberated areas and the aggregate consumption requirements required to bring the diet up to a reasonable subsistence level. Of course, the U. N. R. R. A.'s total contribution in terms of imported supplies, will be something like \$2,000,000,000, while according to the best estimate that we have the liberated areas may need some \$7,500,000,000 of imported supplies. The difference will have to be made up from what these countries can afford to buy with their own assets and what is imported during the military period.

Mr. ACHESON. In respect to the question Mr. Taber raised I want to be sure that we have given him a complete answer. For instance, you asked whether we were going to buy for all countries, and I was not sure whether you understood the answer fully. There is no question about the fact that the countries which have foreign exchange will buy their own supplies, although it may be found wise as a practical matter to channel their purchases through the regular Government procurement agencies in order to achieve the advantages of centralized procurement.

Mr. TABER. I understood you to say yesterday that you expected that U. N. R. R. A. expected these countries to buy certain stuff, but what I was suggesting today was I did not understand how we were going to be able to operate and do that sort of thing and not get into a lot of trouble.

Mr. ACHESON. I think you misunderstood what I said yesterday, or perhaps I did not make myself clear enough, Mr. Taber.

The situation is that there will be, broadly speaking, two types of countries. One country will be the country which has foreign exchange and can buy in this country, England, South America, or elsewhere, the goods it needs and pay for them. Now as to that country, they are going to buy what they need.

Now possibly there are some other countries that cannot buy all they need but can buy some of their supplies. But for simplicity, let us take the country that can buy all its goods. That country will not need supplies through U. N. R. R. A. at all, and U. N. R. R. A. is not undertaking to control its imports. The only thing that U. N. R. R. A. will undertake to do with respect to such country is to look over its program, its purchase program, to see whether or not that country ought to cut down on its purchases because it is taking more of the supplies than it should.

Mr. TABER. But U. N. R. R. A. will not handle anything for that country.

Mr. ACHESON. Not for any country that has sufficient foreign exchange or gold.

Then you have countries that do not have dollars or pounds or other foreign exchange. Those are the countries which are U. N. R. R. A.'s customers. And U. N. R. R. A. will, with the funds which are provided for by the Congress and by other countries, purchase the

goods abroad and will import them into such countries and will sell them to those countries for the currency of those countries.

These figures have been prepared on that basis; they have been prepared on the basis of estimates of total imports needed over this whole area. Then we assume that at least 50 percent of that will be paid for by countries in foreign exchange, that are not U. N. R. R. A.'s customers at all, and that the balance of imports needed to meet the demands in these countries, have to be met by the contributions of the United States and the other countries to the extent it is possible to do so.

That is the way this thing has been approached. It is not the idea, nor is there anything incorporated in these figures to indicate that U. N. R. R. A. will buy goods and sell them to countries who can afford to buy them and pay foreign exchange for those goods. They will go in and buy their own goods.

Have I made myself clear?

Mr. TABER. Yes; you have made it so clear I can just hardly follow the estimate, because it is rather apparent on the basis of the operations there is a very considerable portion of the western part of Europe, perhaps practically all of it except Italy, that has got its own government organized and operating and does not need any of U. N. R. R. A.'s help. That is the result of what you have been saying to us this afternoon.

COUNTRIES NEEDING NO ASSISTANCE FROM UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. ACHESON. The result of what we have been saying is that as to all of the imports needed in Europe, after the military period, it is assumed that half of them can be paid for by those countries and half of them cannot be.

Mr. TABER. You mean that for Europe?

Mr. ACHESON. Europe as a whole.

Mr. TABER. Considering the whole picture?

Mr. ACHESON. The whole picture.

Mr. TABER. I do not know how they have been doing in the northern countries, but in the past they have been fairly prosperous. I do not know what their present status is, but the situation rather looks as if they were in pretty good condition, sound, even after occupation.

Mr. ACHESON. I assume obviously that the countries that will be able to buy will be the western European countries, and where they can buy goods for themselves, certainly we cannot and will not buy for them, and we will not engage in doing a great deal in those countries. Our financing is going to be for the countries that cannot buy, and the figures that you are now considering have been computed on the basis of one-half of the imports from the United States to be taken care of by the countries themselves and that U. N. R. R. A. will have to take care of the other half. Thus, the United States will be taking care of its proportion, and the other countries will be doing likewise, as determined on the basis of proportion to the total contribution.

Mr. TABER. I want to get back to the table a moment. I am wondering about your buyers of pork, how you figure on that.

Mr. CROWLEY. I do not know about that, Mr. Taber.

Mr. TABER. You do not try to keep track of such things as some of these household supplies, for what they are selling on the market?

Mr. CROWLEY. You mean personally?

Mr. TABER. Yes.

Mr. CROWLEY. I do not.

Mr. TABER. You do not happen to represent any dairy or farming district?

(Discussion off the record.)

Mr. TABER. I am wondering how much cheese you could figure on buying at 3 cents a pound.

Mr. CROWLEY. Where did you get the idea we could buy it for 3 cents a pound?

Mr. TABER. Well, when you set that up in your estimate on that basis, I get the idea that you thought you could buy it for that.

FOOD PRODUCTION AND PROCESSING SUPPLIES

The CHAIRMAN. The next group of articles and commodities is on page 3, "Food production and processing supplies," where the total is \$56,000,000, of which \$52,835,000 is for the preparatory period and \$3,165,000 for the period following. Will you give us a general statement on this and particularly with reference to the necessity of the utilization of the most of it in the preparatory period? In other words, you want to use \$52,835,000 in the preparatory period and only about \$3,000,000 in the latter period. What is the reason for that?

Mr. Cox. The items shown for the preparatory period are mostly supplies which will require some length of time to procure, and in order to have materials available when the need arises it will be necessary to start procuring during the preparatory period. The other items following that period will not require such a long time to procure. That is true of veterinary supplies, which will be available, in all probability, from stocks on hand held by the War Department. And fertilizer does not require much time to procure, so that we can wait until the second period to buy the bulk of it. But in all other cases the items will require some length of time to procure.

FARM MACHINERY NEEDED TO ASSIST LIBERATED COUNTRIES

The CHAIRMAN. I notice the principal item here is farm machinery, \$17,500,000. There has been a great deal of discussion of farm machinery for U. N. R. R. A. and otherwise on the floor of the House, and the fabulous amounts we were alleged to have furnished, so I wish you would give us the program, what it consists of primarily, the need, and the impact of it on our home requirements. We would like to have you give us a statement on that phase of it; the primary program, the need for it, and the impact on our domestic supply.

Mr. Cox. Mr. Chairman, in terms of the central principle underlying the U. N. R. R. A. program, wherever we can help the people in these liberated areas to help themselves, that is the most effective job we can do. If we just take \$1,300,000,000 and spend it for food for the population in occupied Europe, it would not mean a great deal.

On the other hand, the extent, to which by efficient and practical management, we can give them machinery and equipment and supplies which will enable them to produce a part of their own food to that extent we will relieve the drain, not only on shipping but also on the supplies and funds required as the contribution from the United States and the rest of the United Nations.

And as far as the impact of this contemplated proposal on our production of farm machinery is concerned, this year we will supply about 2½ percent of our total production. However, there is some indication that in terms of dollars and tonnage our over-all farm-machinery production may possibly increase even more during the coming year when some of the war contracts begin to decrease. This machinery, as you know, takes some time to get allocated, scheduled for production, and procured. And here again it is the intent and purpose to procure some of these items wherever it is possible to procure them, and if it is found after they are acquired that the need has not arisen, they can be pulled back and made available to the American civilians rather than be held in this inventory beyond a reasonable time.

The CHAIRMAN. The principal complaints concerning these matters is that at a time when they are refusing to provide machinery for our own farmers we are providing machinery for foreigners, as they express it. We cannot get tractors, we cannot get trucks, we cannot get a lot of farm machinery that we desperately need, and the need is due to the fact that the oversupply is constantly decreasing and the only way you can make up for the depleted labor supply is through increased use of machinery.

What is your rejoinder to that complaint?

Mr. CROWLEY. Mr. Chairman, I do not think the shortage of farm machinery is due to the amount of equipment that is being sent out to "foreigners" as they say. It is undoubtedly due principally to the increased demand at home for farm machinery rather than the amount we have sent abroad.

The CHAIRMAN. What is the amount we have sent to date; what is the percentage?

Mr. COX. It is less than 2 percent, Mr. Chairman. The production of farm machinery since 1941 has been the highest at any time in the history of the United States. The reason for the shortage, I think, is quite apparent: Food is an essential part of the war program, not only for our own civilian supply, but for military, naval, and lend-lease needs. The producers have been asked to step up their production in the face of a manpower shortage in order to meet the requirements and evidently more farm machinery is needed than ever before.

Mr. TABER. If that is so, why is it, if there is such a small quantity going outside that the farmers in my territory are not getting 50 percent of what they used to get or used to sell?

Mr. COX. Well, all I can say is that on the whole the figures do not bear that out as a general rule.

Mr. TABER. That is what I cannot answer.

Mr. WOODRUM. Have you any reliable figures as to our own production?

Mr. COX. Yes; beginning with 1941 it was more than at any time in the history of the United States.

Mr. TABER. Not beginning then?

Mr. WOODRUM. Could you put those figures in the record?

Mr. Cox. Yes; they were put in the record in the lend-lease hearing; I think we furnished the figures from 1941 on.

Mr. WOODRUM. They are already in these hearings?

Mr. Cox. In the lend-lease hearing; tables and figures were furnished.

Mr. WOODRUM. That was not before the Foreign Affairs Committee?

Mr. Cox. No; before this committee.

(The information requested is as follows:)

Farm machinery (excluding crawler-type tractors)

Production in the United States:		Production in the United States—Con.	
1935-----	\$297, 159, 000	1940-----	\$502, 163, 000
1936-----	432, 670, 000	1941-----	669, 344, 000
1937-----	513, 631, 000	1942-----	682, 809, 000
1938-----	456, 241, 000	1943 ¹ -----	500, 000, 000
1939-----	427, 865, 000	1944 ¹ -----	700, 000, 000

¹ Preliminary estimate.

Mr. TABER. You are planning to spend this money when, and contract this stuff when, that you have set up on page 3?

Mr. Cox. The contracts would be placed beginning July 1 or sooner, depending upon the type of item involved. There is one point on farm machinery and that is that this would not come out of the farm machinery domestic supply, obviously, until well after July 1.

SEEDS FOR LIBERATED AREAS

Mr. LUDLOW. Mr. Chairman, I would like to ask a question. I think it goes without saying that one of the most important things is to provide these impoverished countries with seed. I am rather struck with the small size of the seed item compared with some of your other allocations. The amount is \$1,000,000. That is not all for planting; part of that is edible. How much of that would be edible and how much of it would be plantable?

Mr. Cox. It is all intended for planting. The footnote to which you are referring points out that it is difficult to estimate the impact of seed purchases on our domestic production, because, with respect to many crops, there is no distinction between what is grown for seed and what is grown for eating. We don't have the statistics to show, for example, what portion of our wheat crop is used for seed. But this whole item here is intended to be used for seed and not for food.

Mr. LUDLOW. That footnote that you have there is a little misleading.

Mr. Cox. I agree that it could be clearer.

Mr. LUDLOW. However, the item itself, \$1,000,000, is very small, when you have an item such as containers, \$2,500,000, and various other items that are somewhat larger. Would it not be advisable to put a little more money into seed, even if you have to take it away from some of these other items? That is the thought that runs through my mind.

Mr. Cox. A good part of the seed, of course, is going to come from outside of the United States, too, in terms of contributions by other countries.

Mr. LUDLOW. You do not know how the \$1,000,000 worth of seed will be distributed? That has not been determined yet?

Mr. Cox. We can give you the proportions contemplated to be contributed by the other countries.

Mr. LUDLOW. You might put that in the record.

Mr. Cox. I will do so.

(The information requested is as follows:)

SEEDS FOR LIBERATED AREAS

Seeds of all kinds will be one of the primary needs of the liberated areas. Since it is the policy of United Nations Relief and Rehabilitation Administration to meet the food needs of the liberated areas to the greatest possible extent from local production, considerable emphasis has been placed upon the necessity of providing sufficient seeds for delivery to liberated areas at the earliest possible date.

It has been estimated that approximately 215,000 tons of seeds will be needed to meet the needs of the liberated areas in Europe and, in addition, 425,000 tons of seed potatoes. Of this total, it is expected that part will be supplied by United Nations Relief and Rehabilitation Administration and part will be purchased by the liberated countries with their own foreign-exchange assets.

It is estimated that the United States will be in a position to supply 15,000 tons of seed against the total requirements. Of this amount United Nations Relief and Rehabilitation Administration's share will be 8,780 tons with the balance available for countries which have assets to purchase it.

The United States contribution to United Nations Relief and Rehabilitation Administration will be varied, consisting of seeds for garden beans, beets, carrots, cauliflower, leeks, lettuce, onions, garden peas, spinach, tomatoes, field beans, field peas, meadow fescue, Kentucky bluegrass, orchard grass, timothy, vetch, sorghum, and chickpeas.

The United Kingdom is expected to provide approximately 35,000 tons, consisting of seeds for mangel beets, sugar beets, potatoes, horse beans, fodder beets, fodder cabbage, field rutabaga, field turnips, trefoil, perennial ryegrass, Italian ryegrass, and sanfoin.

The balance of the estimated requirements, of which 104,000 tons are wheat, oats, barley, and rye are expected to come chiefly from North Africa, Argentina, and Europe. It may be, however, that some of the cereal seed required will be available from the United States, United Kingdom, and Canadian sources.

The estimated requirement of seed potatoes, aggregating 425,000 tons, presents considerable difficulties with respect to shipping and storage. It is expected that the United Kingdom will supply a large portion of this amount and that a considerable quantity will come from European sources. In addition, some may be available from the United States if shipping and supply permit.

Mr. LUDLOW. I think that is all.

Mr. TABER. What kind of seeds would these be? Would they be grass or vegetable, or what would they be? Or don't you know?

Mr. STEIN. They will be a complete array of seeds. There will be vegetable seeds and field seeds and certain of all types, depending upon what is available in this country. There will probably not be seed potatoes, which will come principally from the United Kingdom and Europe, and which are difficult to ship and keeping them in good condition, although we may supply some portion of them. The item will, however, cover most of the other varieties of seed except for some that can be easily obtained on the continent of Europe itself.

Mr. LUDLOW. Have you any idea of what the contribution of other countries is going to be with respect to seed?

Mr. STEIN. I think we can give you some estimates for the record, if you like.

Mr. LUDLOW. I do not know how much a million dollars' worth would be, but considering the problem, it would seem to me it would not be enough to do the job at all.

Mr. TABER. These things, all of them, are things that cannot be made available and cannot be shipped to these countries in time for use this fall except possibly the planting of winter wheat. That is correct, is it not?

Mr. STEIN. I do not know when the invasion is going to start. If it started next month, and if the Germans were cleared out of a substantial part of Europe within the next 6 or 8 weeks, there are certain parts of Europe that could still be planted this fall.

Mr. TABER. They could not plant anything but wheat this fall, winter wheat.

Mr. STEIN. They could plant vegetables in the Mediterranean area. They have a winter crop of vegetables.

Mr. TABER. Well, that would not be much of an item.

Mr. STEIN. It is fairly expensive, but not a large item in quantity.

Mr. TABER. It would not be a large item in the seed picture. There is not a single thing in here, farm machinery or anything else, that could be used in any substantial amount, that you would want to send over there before the first of the year, is there?

Mr. STEIN. Yes. The tractors can be used today, as soon as you can get them in. They are used almost all the year round, with the appropriate instruments to go with them, depending upon the time of the year.

Mr. TABER. You cannot do much plowing in that kind of territory unless you get your tractors there. If you go to work and buy any of these things, you are not going to have any money available until the 1st of July, or approximately that, from us; you are not going to be able to deliver anything to speak of, over there, before the middle of October, in all probability; not any great amount. That is, considering the way things operate, the way ships move, the ordinary course of operations. I am really wondering if there is very much of this that could be applied usefully in the 1944 season. I would like to have an actual picture of that, and not just guesswork on it.

Mr. STEIN. Mr. Taber, I think you are entirely right. The great problem we have is the problem of time lag, from the time that the order is first placed with the American factory through to delivery, from delivery to shipside, getting it on the boat, in the convoy over to Europe, unloading it at the dock, assembling it, and finally using it on the farm. If we are going to do that, in time for the spring planting next year, for any considerable bulk of it, we have to start moving very quickly, or we will miss it; because there is a span of months that is involved from the placing of a contract, particularly for the larger, heavier, or the more complicated things, before they are actually on the farm in Europe and in use. And unless we start moving awfully soon on some of this, we are going to miss the spring planting.

I think the estimates of time that you have given are extremely realistic. In fact, for large things, it may be even worse. But it is only special items and in very small quantities that you can get on the farm in a hurry. The bulk of it will take a long time, indeed. It is not a question of hitting the 1944 fall planting; it is a question of getting the stuff there for the 1945 spring season. There is a desperate urgency to make that deadline, and we will have to move quickly to make it. And that is why the preparations must be made early.

FERTILIZER

Mr. TABER. One of your heavy items is fertilizer; it is not so large in dollars, but it is quite a large item. Can you not get that over there somewhere?

Mr. STEIN. It depends on the fertilizer. Phosphate rock, can be secured from north Africa where there are large deposits. Germany has been the source of most of the potash fertilizer on the Continent, and you do not know what the condition of the potash plants will be. As for nitrogen fertilizer, on the whole, that will have to come from other countries, part of it probably from this country, but most of it from elsewhere. The fertilizer listed here is mostly nitrates, and only a portion of what will be desperately needed in Europe. In fact, if my memory serves me correctly—and I will check it if you wish—only a small portion of the total amount.

CONTAINERS

Mr. LUDLOW. You have an item in here of 22,100 metric tons of containers. What kind of containers are they?

Mr. STEIN. Those containers will be for all those things that go with a farming operation. The most important single thing, I suppose, will be bags of all kinds; because, in the first place, you have to have the bags to move the stuff you take in; and even more important, probably something like 90 percent of the food that the people eat will be the food that is grown in Europe, and only about 10 percent will be supplied from outside, and you have got to put that stuff in bags. Unless we can get this stuff around and into the cities, the starvation problem will be something that we cannot possibly handle.

Mr. TABER. I wonder to what extent you are familiar with the situation. On that particular question, there are enormous quantities of paper products that we are turning out and I think it is estimated that 40 percent go to the armed forces, for delivery of stuff to them over there. And they do not come back. Therefore we have a paper shortage in this country. That results in everything being difficult to get here and easier to get over there. I am wondering if there is not some way of getting that somewhere else, to very good advantage.

The CHAIRMAN. You do not mean that you can move grain in paper bags?

Mr. TABER. Oh, no. But there are other containers. The bag business is in the same situation as the paper business.

The CHAIRMAN. It is wholly impractical to move grain in paper bags.

Mr. TABER. I understand that. On the other hand, it is not impractical to use the sacks that they have used for some other operation, for the grain. Of course, these are items that would not come into demand until a year from now or a little later. I figure that they

could get them over there easier than they can get them over here and there is not any reason for our putting that sort of thing in.

Mr. CROWLEY. Mr. Taber, you would not get very many for \$2,500,000.

Mr. TABER. Perhaps not. On the other hand, you have got a very large figure in here—

Mr. CROWLEY. If they bought them somewhere else, they would have to have the money to pay for them.

Mr. TABER. That is right, and those people probably could. You have a pretty good price in here for them.

Mr. CROWLEY. I meant, if the U. N. R. R. A. bought them from another country, they would have to pay for them.

Mr. TABER. Well, you have a good price in here for these containers, rather more than we are paying, I believe. It runs \$100 a ton.

SOURCE OF FARM MACHINERY

The CHAIRMAN. Before we leave the machinery item, let me ask this question. Is there any place in the world they can secure this machinery except in the United States?

Mr. STEIN. Mr. Chairman, farm machinery is being handled in this way. The requirements are being drawn together. I think the item in here is terrifically low. This is a very, very cautious estimate. That estimate will be examined by the American agencies that are concerned with it, the Foreign Economic Administration, War Food Administration, and so forth, and then it will be taken up with the Combined Board, the American member for which is previously advised by the War Production Board and the War Food Administration. As a result of that, it is estimated that something like 30 percent of the total anticipated need will be supplied by the United Kingdom and Canada. Finally it is hoped that some special types of farm machinery will be obtained in Sweden, particularly milking machinery of various types. The total world possibilities have been pretty carefully canvassed before any estimate has been made as to what the amount should be from the United States.

The CHAIRMAN. The procurement agency will be Treasury Procurement and it will be integrated with Lend-Lease procurement?

Mr. STEIN. Yes, sir; that is correct.

CLOTHING, TEXTILES, AND FOOTWEAR

The CHAIRMAN. The next group of commodities is shown on page 4, "Clothing, textiles, and footwear." The total is \$214,820,000.

Will you give us a statement on that? The first item is woolen goods and garments; also cotton goods and garments; raw wool, raw cotton, shoes, and so forth.

I assume that woolen goods and cotton present no difficulty?

Mr. STEIN. Mr. Chairman, I wish that were so; I wish very much that it were so. There is a very serious problem on woolen goods and cotton goods, particularly on woolen goods. If I may say something off the record, I think I can give you a very concrete illustration of what I mean.

The CHAIRMAN. You may make a statement off the record.
(Statement off the record.)

Mr. STEIN. The question of clothing is a particularly difficult one in this field, because we feel it a very serious obligation to have cloth-

ing of at least reasonably durable quality and at the same time low priced. To be perfectly frank, the manufacturers are not particularly anxious to get that kind of business. They do much better making the very fine quality, the necessarily very fine quality of clothing manufactured for the Army.

The CHAIRMAN. That accounts for the scarcity of children's clothing and work clothing?

Mr. STEIN. That is right.

The CHAIRMAN. For example, overalls; in some sections of Missouri and even in some of the larger cities, it has been impossible to buy certain articles of children's clothing and overalls, from time to time. I suppose that is due to the fact that the manufacturers would rather engage in the more lucrative business of providing articles of higher price. Is that the explanation?

Mr. STEIN. That is entirely right, Mr. Chairman. And in addition to that, there is a gross over-all shortage, particularly of woolen fabrics and fabricating capacity, and capacity for fabricating the clothing.

We are trying to face this problem and meet it in a way that will make the least impact on the American market. It is therefore extremely desirable that we space our buying as much as possible out over the longest possible period and direct our buying to surpluses, distress stocks, which can be bought up in smallish quantities; shoes that do not sell very well; clothing that was made for the Easter trade and missed the market—things like that. If those are bought up, it is an advantage to the American manufacturer and wholesaler, and it affects the American consumer very little or comparatively little, and it gradually builds up the stock. But that is a very slow process.

I think it might also be of some interest to the committee to know that we are using the device of getting Army salvage clothing repaired and redyed, taking the distinguishing marks off it, and making it available. That will provide durable clothing at a very cheap price.

The CHAIRMAN. What character and quality and type of goods is it proposed to supply under this item? I take it for granted that it is intended to supply merely the barest necessities?

Mr. STEIN. Yes, sir; all low-priced goods. I can get for you a list of the types of garments involved, with the average price per garment in each type, if that would be of use to the committee.

The CHAIRMAN. What steps are you taking to secure or to insure an adequate supply?

Mr. STEIN. At the moment, of course, we are not buying for U. N. R. R. A. It has no appropriation and it has not seemed possible up to the present to buy for U. N. R. R. A.

The CHAIRMAN. What plans are being provided to supply these items?

Mr. STEIN. U. N. R. R. A. has worked up statements of requirement with a break-down of the types of clothing that would be involved.

The CHAIRMAN. Have you any assurance that the manufacturers will supply it?

Mr. STEIN. We are engaged in a similar operation to meet the needs of the Army for the military period, and, quite frankly, we are having a lot of trouble meeting that demand as the demand comes up. That is why we are extremely anxious to go ahead with the U. N. R. R. A. job early so that we can start buying toward that.

SHOES

The CHAIRMAN. I notice something here that I never saw before. You are purchasing shoes by the metric ton. Are we to understand that quantities of shoes are translated into tonnage in this way? What is the explanation?

Mr. STEIN. I think there will be about 25,000,000 pairs of shoes. In order to get a figure comparable to the other items, we have given the metric tonnage, so that you would have some measure that would be the same in each case. The tonnage figure is necessary for shipping calculations.

The CHAIRMAN. And is the price comparable, also?

Mr. STEIN. Yes. I can give you the average price per pair of shoes.

Mr. TABER. It would be about a dollar and a half a pair; would it not?

Mr. STEIN. That is correct.

The CHAIRMAN. What character of shoes are you providing?

Mr. STEIN. They will come in three groups, or three major types. In the first place, there will be some special shoes, specially designed, made of a canvas top, to reduce the drain on our leather supply, which is even shorter than the textile supply, as you know. In the second place, we will obtain, we trust, a considerable number of rebuilt army shoes that the Army does not want any more, which can be put in pretty good shape for workmen, nevertheless. In the third place, there will be shoes that are distress stock because the styles are outmoded, but they will be suitable for wearing purposes in Europe.

Mr. WIGGLESWORTH. What will be the impact in terms of shoes? Is it possible to give that, or is that difficult because of the fact that they are canvas?

Mr. STEIN. I cannot supply a useful impact figure because so many of them will be canvas shoes which are not comparable to standard American shoes.

Mr. WIGGLESWORTH. How many of these will be leather shoes?

Mr. STEIN. The exact proportions of the three classes of shoes I mentioned will depend on the progress of the procurement program. The more salvaged Army shoes we get, the fewer canvas shoes we will have to get, and so on.

Mr. WIGGLESWORTH. You cannot say how many leather shoes you contemplate buying out of this total of 25 million?

Mr. STEIN. No, sir. It will depend almost entirely on the success of the Army salvage shoe campaign.

COTTON GOODS

Mr. LUDLOW. The cotton textile situation in the United States is very tight now, so tight, in fact, that rationing has been threatened. Will the purchase of 11,800 metric tons impinge very seriously on the civilian supply?

Mr. STEIN. I do not think anybody can say that we can meet even the bare minimum clothing needs of Europe—and that is all that this represents—without some impingement on civilian supply. How serious that is depends partly on how carefully the buying program is managed and spaced out. There will be an impingement, of course.

HEALTH SUPPLIES

The CHAIRMAN. Our next category is on page 5, health supplies, in the amount of \$69,195,000, of which \$7,885,000 is to be expended during the preparatory period and \$61,310,000 is to be spent during the pre-preparatory period. I see the preparatory period is entirely eliminated on laundry soap. I suppose that is a very essential commodity. All of these items are of a highly necessary character and I see again they are all in terms of tonnage. I take it for granted they are for the same reason that you reported the amount of shoes required in tonnage. Will you give us a statement on that?

Mr. STEIN. I think, Mr. Chairman, as you have already said, that no statement really need be made as to the necessity for medical and sanitary supplies. The danger of epidemics in Europe is very great indeed. There is danger of epidemics of all sorts—typhus, malaria, and other diseases. There are already malnutrition and other things that lead up to sickness, in preliminary stages. The actual listing of all items in here would take pretty nearly a book. There are several thousand different medical supply items, mostly drugs, of course, which make up the total of all these supplies. The only items that are listed for purchase during the preparatory period are soap, which should be bought as it is produced, and linseed oil for soap making. Linseed oil is one of the things that should be bought. It will affect the American supply least. It could be sent over to be manufactured into soap in Europe and thereby reduce the strain on our own facilities. Generally speaking, most of the drug and medical supplies can be provided from stocks on hand or stocks that are in the normal course of procurement, particularly by the Army, which carries a large stock of medical supply items.

Therefore it has been assumed that the materials involved in this table can be procured after the preparatory period when the needs arise.

Some stocks have already been set aside by the Army, or are tentatively set aside and will become available that way, thereby reducing their stock pile.

Mr. LUDLOW. Has there been any plan worked out for the distribution of this?

Mr. STEIN. This is tied into a pretty careful health and sanitary plan for the whole of the U. N. R. R. A. operation. The units are designed so as to contain standard items and standard proportions and will be used by doctors, both U. N. R. R. A. doctors where there are not sufficient native doctors and by the doctors who live in the countries themselves, who will be instructed in the particular use of the American drugs and the American kinds of instruments.

HOSPITAL BEDS

Mr. LUDLOW. You have two items here for hospital beds. Where will those hospitals be located?

Mr. STEIN. The hospitals will be located in places where hospitals that have existed in the past have been blown out of existence. It is anticipated, unless something quite unexpected occurs, that there will be considerable destruction of hospitals, as there was in Italy.

Mr. LUDLOW. This will not go far in meeting a situation of that kind—only 240 beds.

Mr. STEIN. Those are units. There are dozens of each. I can get you the exact figures if you wish. There are over a hundred 40-bed hospitals and a considerable number of 200-bed hospitals.

This is for supplies needed to maintain a 40-bed hospital, not to build a hospital. What we will do is get some temporary structure over there, and this item will be a series of boxes that contain the bandages, medicines and so on, to stock up such a building and make it into a 40-bed hospital or a 200-bed hospital.

Mr. LUDLOW. It is not the structure?

Mr. STEIN. That is right; it is not the structure. It is the materials—the tables, the instruments, the pans, the sterilizers, and so forth.

Mr. TABER. Why is it that 33,000 tons of soap is listed at \$78,000 and 11,000 tons at about \$4,500? It seems to me you are kind of hunching the last time.

Mr. STEIN. The proportion of soap and linseed oil are different. In both cases there are quantities of finished soap and quantities of linseed oil. This is an averaged-out figure for the soap and linseed oil together. If you desire it, we can get you a break-down of the figures.

(The information requested is as follows:)

Soap and linseed oil

	Required during preparatory period		Required following preparatory period		Total	
	Metric tons	Dollars	Metric tons	Dollars	Metric tons	Dollars
Manufactured soap ¹	27,500	5,635,000	-----	-----	27,500	5,635,000
Linseed oil for making soap ²	5,682	2,250,000	11,364	4,500,000	17,046	6,750,000
Total.....	33,182	7,885,000	11,364	4,500,000	44,546	12,385,000

¹ Manufactured soap includes hand soap and laundry soap, in the proportion of 1 to 4.5, available for procurement in the United States during the calendar year 1944.

² This item includes linseed oil available for procurement in the United States in the calendar year 1944 and in the first quarter of 1945. It is contemplated that raw material for soap-making rather than finished soap will be desired by United Nations Relief and Rehabilitation Administration as soon as the production facilities in liberated areas permit. The above soap and linseed oil figures are half of totals available in United States for civilian relief, after Army and lend-lease requirements for civilian relief have been met.

EMERGENCY UNITS

Mr. LUDLOW. What are these emergency units?

Mr. STEIN. It is a package set of a variety of medical supplies calculated, as the footnote indicates, to provide for 100,000 people for 1 month. Those are going to be used particularly in the very early stages. Then, as they begin to work out their organization and distribution problems in the country they can start using the standard units which are bulk supplies. The emergency supplies are designed for quick use; the standard units of bulk supply will require a certain amount of repackaging and handling that will not be possible in the early stage.

EPIDEMIC UNITS

Mr. LUDLOW. What does an epidemic unit consist of?

Mr. STEIN. Those are designed for certain specific uses, whereas the emergency and the standard units are aimed at all the ills that man-

kind falls heir to. The epidemic units will be used for malaria, typhus, or some special thing like that.

Mr. TABER. And the other unit will be just plain castor oil?

Mr. STEIN. Yes, and what goes with it.

STANDARD UNIT

Mr. LUDLOW. The big item here is for the standard unit.

Mr. STEIN. The standard units are the drugs and other supplies packed in bulk. The footnote indicates that it is estimated that in each case it will be enough for a population of 1,000,000 people for about 3 months. That will be the kind of stuff that will go out through drug stores and other normal distribution channels.

Mr. LUDLOW. The footnote with regard to the typhus supplement is a little cryptic—equipment plus expendables for the control of typhus.

Mr. STEIN. The control of typhus consists primarily of one thing, an attempt to get rid of the common louse which is the carrier of typhus. They have started to use during the course of this war a new powder which is remarkably more effective than any other powder has ever been in the past. It happens to be called DDT. It was that powder which was used in Naples and that stamped out the typhus epidemic in Naples. That is one of the most notable achievements of its kind in the history of medicine.

ATABRINE

Mr. LUDLOW. What is atabrine?

Mr. STEIN. Atabrine is the synthetic product which is used in place of quinine because there is not enough quinine to go around.

Mr. LUDLOW. How about its effectiveness?

Mr. STEIN. Atabrine, I am told, is about as effective as quinine but it is more difficult to use. We had it in north Africa, where I spent several months. It has to be used with some care or it produces extremely unpleasant results on the person who takes it.

Mr. CROWLEY. Atabrine is one of the patents we picked up from Germany. It is a German patent which the Army and Navy have perfected. It is the only substitute for quinine presently available.

Mr. LUDLOW. Quinine is produced from a bark?

Mr. CROWLEY. From the bark of the cinchona tree. You have to have some quinine as a relief from atabrine. You cannot use it entirely all the time. You have to alternate it.

OTHER MEDICAL SUPPLIES

Mr. LUDLOW. Your remaining item here is other medical supplies. What is comprehended by that?

Mr. STEIN. As the footnote indicates, it includes a certain amount of general equipment, X-ray equipment, tubes for X-ray machines and other things of that sort—laboratory instruments, laboratory supplies, and so forth.

WATER SYSTEM SUPPLIES

Mr. LUDLOW. We will take the next page now. The first thing here is water system supplies, 23,000 metric tons for the preparatory period. Give us a statement on that.

Mr. STEIN. I might say that with all of these in general the procurement lag is rather great. These are the materials that the British describe as industrial repair kits. In other words, it is desired to bring into these countries some industrial materials quickly so that with the expenditure of a small amount of material—a few feet of pipe, a piece of steel that can be put in place, a switchboard, or something like that—you can get the life of a city going again. None of this material is of the kind, or what is even more important, of the magnitude to do a reconstruction job. It is of character, quality, and amount which will make possible a certain amount of quick repair work that will help to get a few clothing factories started again and help to start up some of the flour mills; get a little more electric light through the city, so that people can see at night and will not fall down and break their legs and things of that sort. It is all designed for that patchwork type of operation.

Mr. TABER. Everything on that page is dependent on what you said the Air Corps and the rest of them have done in blasting the stuff before the invasion; is that not correct? You do not have any idea how much it is going to be, or what it is going to be. You are just guessing.

Mr. STEIN. We are just guessing. I think I might indicate the thing a little more clearly by saying that if the invasion occurred as of today the Air Corps has already done enough so that this will be too little. I am quite sure that the guess can be a mistake in only one direction.

Mr. TABER. There ought to be a lot of surplus labor in there when you get to the stage.

The CHAIRMAN. Necessarily, it has to be a rough estimate, but it is all for repair. It is for the repair of your gas systems, your water systems, your sewerage systems, your transportation systems, and your public utilities. It seems a little rehabilitation is necessary in order to help the people help themselves, and you intend absolutely no new construction of any kind. You merely put it in shape to serve for the time being.

Mr. STEIN. We are just patching up what we find there. I am quite sure that one of the problems will be the flour mills. It is well worth while fixing up the roof of a flour mill and putting in a little belting to get the flour mill going rather than import the flour instead of the wheat.

The CHAIRMAN. There will be no reconstruction?

Mr. STEIN. No reconstruction. It will be an emergency type of repair.

The CHAIRMAN. This will all be Treasury procurement?

Mr. STEIN. Practically all will be Treasury procurement. It is conceivable that some of it will be procured by the Army and run through our normal machinery.

SMALL TOOLS

The CHAIRMAN. Now, concerning the situation where you will require a great amount of small tools, for instance, shovels and things of that character of which we ought to have a supply in reserve from our C. C. C. and W. P. A. and N. Y. A. programs—all of that will be utilized?

Mr. STEIN. All that is left will be utilized. A good deal of that has gone to such things as the Alaskan Highway, and so on. Some of those W. P. A. tools went to north Africa and were sold to the French over there. Insofar as they are left, they will be utilized.

Mr. CROWLEY. Mr. Chairman, there is one thing I want to mention in connection with Mr. Stein's remarks about these utilities, I do not think we want to leave the impression that we will not have to buy some new equipment to supplement a part of the units.

The CHAIRMAN. That will be for the purpose of rehabilitating the whole system?

Mr. CROWLEY. That is right.

The CHAIRMAN. Emergency rehabilitation?

Mr. CROWLEY. That is correct.

Mr. TABER. Most of that will be done before you get there?

Mr. CROWLEY. I would think that quite a lot of it would be done by the military, but it is likely that we will have to extend it some. Their work will be very spotty because military operational needs can be very different from civilian supply needs.

SERVICES AND ADMINISTRATIVE EXPENSES

The CHAIRMAN. On page 7 there is a group of items of services and administrative expenses totaling \$184,000,000, divided between \$31,000,000 during the preparatory period and \$153,000,000 in the following period. Here, we begin to put the preponderant proportions of the expenditures over into the following period, the second period.

The first item here is the administrative cost of procurement totaling \$4,000,000, \$2,000,000 in the preparatory period and \$2,000,000 in the second period. These sums are largely estimates based on our lend-lease procurement experience.

Mr. CROWLEY. That is correct.

The CHAIRMAN. How are they arrived at?

Mr. STEIN. The Treasury procurement has worked that our over a considerable period of time. It is normally done on a flat percentage basis; that is, a percentage of the dollar value of the goods procured. It varies somewhat between that and the War Food procurement of foodstuffs, but in each case they work out standard factors and we just take their word for it, and go ahead and apply that.

The CHAIRMAN. I believe the figure, roughly, is about one-half of 1 percent of the total of purchases estimated?

Mr. STEIN. That is right.

Mr. WIGGLESWORTH. Do we not have any break-down of this item at all?

Mr. STEIN. The administrative cost of procurement?

Mr. WIGGLESWORTH. Yes.

Mr. STEIN. It is not feasible to give you a break-down. We can give you the percentages given to us by the procuring agencies which are automatically applied to the total cost of goods purchased.

Mr. CROWLEY. Does that not depend upon our volume of business. It amounts to about one-half of 1 percent of your total purchases.

Mr. WIGGLESWORTH. What is it based on?

Mr. CROWLEY. The experience of the Treasury Procurement in buying over a considerable period of time. They have figured out

what it costs them to buy through lend-lease and this is the same kind of operation as buying for lend-lease. They say it costs about one-half of 1 percent of the cost of the goods supplied, and that is the figure we take.

Mr. WIGGLESWORTH. This is personnel?

Mr. CROWLEY. This is the cost of procurement by the procuring agencies. This is not the administrative cost of the U. N. R. R. A. operations. That is the third item down.

TRANSPORTATION COSTS

The CHAIRMAN. The second amount is \$146,000,000 for transportation costs divided \$20,000,000 for the preparatory period and \$126,000,000 for the second period. How were those figures arrived at?

Mr. STEIN. In this way. The \$20,000,000 represents the cost of internal transportation in the United States and storage charged in this country during the preparatory period.

The second figure is the large one because it includes the full amount of overseas transportation as well as internal transportation, storage, and packaging. It is not assumed that there will be any transportation across the water during the preparatory period. That will begin during the operating period.

The CHAIRMAN. The freight will be paid by the foreign government?

Mr. STEIN. U. N. R. R. A. will pay for both the transportation in this country and the transportation to the port of dissemination.

The CHAIRMAN. In case they are transported by the War Shipping Administration, will the freight be paid by—

Mr. STEIN (interposing). To War Shipping out of U. N. R. R. A. appropriations.

Mr. TABER. We had an estimate in here, a day or two ago, from lend-lease. We had \$25,000,000 for transporting stuff from the United States totaling in volume about \$3,500,000,000. Here we have \$20,000,000 to transport \$750,000,000. Now, it looks as though that is out of line.

Mr. COX. The figure for transportation on the lend-lease is far in excess of \$25,000,000.

Mr. TABER. That was the figure.

Mr. COX. No, sir. Transport for lend-lease items amounted to a great deal more than that. The figure you have in mind was a special item, not relevant here.

Mr. TABER. There is no use arguing about it. We will check it up.

Mr. STEIN. If you wish, I can give you the figures that have been used in arriving at these estimates. It has been calculated that the average cost of internal transportation in the United States is \$15 a ton, and that the cost of overseas shipment from New York, Hampton Roads or wherever it may be to the port in Europe is about \$45 a ton.

Mr. TABER. That is a good deal bigger than it is for the other stuff, and you are going to get into a period when U. N. R. R. A. is doing its operating and your costs will not be so large. You will be rid of this submarine menace.

Mr. CROWLEY. On the question of the cost of transportation, let me check that up.

Mr. TABER. See if you cannot give us a dollar there. We do not want to go out on the floor with a big appropriation bill that is not needed. Do a little checking.

Mr. STEIN. We will be glad to check it.

Mr. STEIN. I can assure you that the U. N. R. R. A. people will be delighted if we could reduce the transportation costs and put the money into shoes, clothing, or medical supplies, so that people could actually feel they were getting something in the way of goods.

The CHAIRMAN. In case this is carried by the War Shipping Administration, will the rates be preferential rates, or will they be routine W. S. A. rates?

Mr. STEIN. I am not competent to answer that. Perhaps Mr. Cox is.

Mr. Cox. I think they will be the same rates they charge on the movement of lend-lease supplies where War Shipping Administration boats are used, and those will be the usual rates that Admiral Land testified to the other day, subject to renegotiation.

The CHAIRMAN. In case they are carried by British shipping, or other allied shipping, it would be whatever they charge?

Mr. Cox. No. I think the way that might work is that if it is carried by British shipping that may be part of their contribution to the U. N. R. R. A. account.

The CHAIRMAN. What about other transportation after the material is delivered at port? Will that be paid by U. N. R. R. A. or the receiving country?

Mr. STEIN. Normally speaking, it is assumed that it will be paid locally. The receiving country will arrange for the transportation and put up the local currency needed to transport the goods.

The CHAIRMAN. Has any estimate been made of the part of this \$20,000,000 that would be paid to the War Shipping Administration?

Mr. STEIN. The \$20,000,000 will not be paid to the War Shipping Administration at all, because that is entirely for internal transportation within the United States. The War Shipping costs will come out of the \$126,000,000 which includes overseas shipments.

The CHAIRMAN. Have you an estimate split of the \$146,000,000 as between rail and water transportation?

Mr. STEIN. Suppose that I supply that for you tomorrow. I will have that break-down.

(The information requested is as follows:)

TRANSPORTATION COSTS

The cost of transporting, handling, storing, and packing lend-lease goods in this country is generally included in the lend-lease budget in the cost of the goods themselves. Experience of the procurement agencies of the Government over a period of years indicates that these costs, for lend-lease goods, average about 15 percent of the dollar value of the goods. A lend-lease budget of \$3,500,000,000, for example, would include inland transportation, handling, storage, and packing costs of \$525,000,000.

The cost of overseas shipment varies with the destination and the difficulties of the route. In general, the cost-per-ton averages around \$45—a figure which is lower than the average for the Russian shipments and higher than the average for shipment to the United Kingdom.

United Nations Relief and Rehabilitation Administration's transportation costs have been figured as follows:

1. Cost of transportation, storage, handling, packing, and repacking in the United States-----	\$80, 000, 000
2. Cost of overseas transportation-----	64, 000, 000
3. Contingency for emergencies or for unloading-----	2, 000, 000
Total-----	146, 000, 000

The estimate of \$20,000,000 for the first or preparatory period includes the cost of domestic freight, handling, and storage, for the aggregate tonnage of the commodities to be purchased in the first period.

It is impossible to be as definite about the domestic transportation, handling, and storage costs of the goods required for the second period. In the first place, the aggregate tonnage of the goods for the second period is still uncertain, depending, as it does, upon emergencies, needs as they arise, and the amount of goods actually obtained by means of the transfer authority. In the second place, it is probable that storage costs will be much higher for these goods since most of them will be drawn from stockpiles, on which storage costs may have accumulated over a longer period of time. Furthermore, the United Nations Relief and Rehabilitation Administration goods before they are shipped will have to be packed for speedy and efficient distribution. Comparatively few of the United Nations Relief and Rehabilitation Administration commodities can be shipped in bulk. Clothing, medical supplies, tools, and some other items will have to be packed in sets or kits, each kit containing a variety of items available for immediate distribution and use. The cost of such packing and repacking is bound to be considerable. It has all been placed in the second period, together with the overseas transportation costs.

In general, the estimated cost to United Nations Relief and Rehabilitation Administration of domestic charges, including freight, storing, handling, packing, and repacking, is about 2.5 percent lower than the Treasury Procurement average of 15 percent of dollar value. Unless the United Nations Relief and Rehabilitation Administration program encounters easier transportation and shipping conditions, the figure may well be an underestimate.

The estimated cost of overseas shipping is figured at \$45 a ton, and depends upon the aggregate tonnage shipped. This is fairly firm for the preparatory period goods, which have been estimated at 882,000 tons. Tonnage of the goods to be obtained through the transfer authority is necessarily indefinite, but has been assumed to be in the neighborhood of 535,000 tons, an amount which is roughly equivalent to the proportion between the total value of the goods required for the second period, and the value of the transfer authority.

ADMINISTRATIVE EXPENSES OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

The CHAIRMAN. The next item is administrative expenses of U. N. R. R. A. fixed at 40 percent of \$10,000,000 which will be \$4,000,000, adopted by the U. N. R. R. A. Council. This is our first payment, as I understand it.

Mr. Cox. The total of our payment for the calendar year 1944.

The CHAIRMAN. U. N. R. R. A. is now organizing. From what source has it received its first administrative money?

Mr. Cox. From 25 member countries of U. N. R. R. A. There is a table in here giving the figures on that. The first one of the special statements shows the administrative contributions received to date.

The CHAIRMAN. Let me ask you: Is this to be charged as a part of our contribution of \$1,350,000,000?

Mr. Cox. Yes.

RELIEF SERVICES

The CHAIRMAN. The last item is for relief services, \$30,000,000, of which \$5,000,000 is in the preparatory period and \$25,000,000 is in the second period. You might give us a statement on that and tell us what has been done and how it has been financed.

Mr. STEIN. That refers to the operations primarily in connection with the estimated 20,000,000 displaced persons in Europe and a great many million displaced persons in the Far East. It will involve such things as centers where people can be treated because many of them are sick, where they can be interviewed, where people can find out where they came from and where they are going to, where they can be listed, and so on. It will involve the hiring of doctors, nurses, welfare workers, clerks, interviewers, and other people of that type. It will involve the construction of temporary shelters and camps in a good many cases and will provide for supplying food and a minimum amount of clothing and other supplies for the people who will be kept in those camps until they can be sent where they are supposed to go. Therefore, it is largely a matter of hiring technical personnel, persons capable of handling those people efficiently, decently, and quickly, and partly the provision of supplies for the inmates. This item will also cover special health and medical services.

The CHAIRMAN. There will not be much of this until the fighting is over?

Mr. STEIN. As Mr. Acheson stated yesterday, there are all told a good many thousand refugees in various parts of north Africa and the Middle East already, and U. N. R. R. A. is now making plans to take over the care of those persons and start handling them prior to the opening up of their homes in Europe. The big load will come after the hostilities cease.

COOPERATION WITH RELIEF AGENCIES

The CHAIRMAN. What is the cooperation between U. N. R. R. A. and the Red Cross and other similar agencies in this respect?

Mr. STEIN. I cannot give you a detailed statement on that without looking into the more recent developments, but in a general sense it can be said that the whole job of the displaced persons and the welfare aspects of U. N. R. R. A.'s work are being worked out in cooperation with the voluntary relief societies, both of this country and of all of Europe, and all of Great Britain also. They are actively cooperating, I know, in the Middle East in making arrangements for handling these people. To a large extent the U. N. R. R. A. people who will work on this problem will be people who are recruited by the voluntary relief societies to do the job. They are the ones on whom we are leaning very heavily for technical assistance, advice, and support.

The CHAIRMAN. This is merely an estimate. It cannot be anything else at this stage, but it is something very important and something that must be cared for as nearly as we can do it.

Mr. LUDLOW. There seems to be a vast amount for repatriation of displaced persons. This particular item includes transportation for that purpose. What proportion of it is intended for that?

Mr. STEIN. I do not have a break-down here, I am sure, of the details. What was done, in effect, was to make a guess; it is only a guess as to what it might cost per capita to take care of a very large number of people in the camps.

Mr. LUDLOW. What was the per capita estimate?

Mr. STEIN. It was done on a per day basis; the estimate is that it would run from 60 cents up to 80 cents per day per capita for those in the camps.

Mr. LUDLOW. If you are going to pay the transportation of persons who are shifted from one country to another for repatriation purposes, that would involve a considerable item, far beyond what you have estimated here, would it not?

Mr. STEIN. In general the railroad fare of these people will not be paid from U. N. R. R. A. funds. It is expected that each country through which they pass will cooperate by making railroad service available out of their local funds.

Mr. RABAUT. How many people have been dislocated?

Mr. STEIN. Well, our best guess is that in Europe there are about 20,000,000 who have been dislocated, and a large proportion of them are not even in the country where they belong.

Mr. LUDLOW. That does not take into consideration people in China?

Mr. STEIN. No; for Asia the estimate runs up to 40,000,000. Some people guess more and some people guess less.

RESTORATION OF THE DISPLACED PERSONS OF EUROPE

The CHAIRMAN. As a matter of fact what has taken place is, these people have been shuttled around, back and forth, by the Axis in Europe and by the Japanese in Asia. You say 20,000,000 is estimated. I think that is rather a conservative estimate. That does not include China?

Mr. STEIN. No; the 20,000,000 are in Europe. The Asiatics are to be figured in on top of that European figure. The 20,000,000 figure applies only to Europe, and for Asia it is very much larger; some people guess as much as 40,000,000.

The CHAIRMAN. Among this vast horde of homeless people who are driven from one place to another, how many of them would you say are children 16 years and under?

Mr. STEIN. I think we could probably get you a break-down of that, Mr. Chairman, perhaps including the total number of women, children, and old men.

The CHAIRMAN. I wish you would get up the figures for the number of children involved.

Mr. STEIN. We will be glad to do that.

(The information requested is as follows:)

DISPLACED CHILDREN

Accurate statistical information is not available, but it is estimated that there are between three and four million children under the age of 16 years among the 20,000,000 displaced persons in Europe.

Approximately half of the total number of displaced persons is estimated to consist of single individuals, such as forced laborers, political internees, etc., rather than families. Family groups including the aged, women and children, probably comprise the other 50 percent.

The CHAIRMAN. And, this vast number of children, who are in the early formative period of life, must make up the next generation in Europe. What would you say would be the situation in those countries in case we did not take care of these boys and girls and youngsters at the very earliest date possible?

Mr. STEIN. The prospects are really so appalling, Mr. Chairman, that there is nothing we can do that will not repay us dividends by offering them a decent chance in life and survival. The returns will be immeasurable.

Mr. LUDLOW. You have no idea how many homes have been broken up by dislocation?

Mr. STEIN. Well, taking 20,000,000 people, that would represent about four or five million families.

Mr. LUDLOW. And homes?

Mr. STEIN. And in addition, of course there is an incredible number of people, many millions of them, who have been bombed out of their homes and who are no longer living in their own homes but still are in towns and in vicinities other than where they used to live.

Mr. LUDLOW. Just what obligation would U. N. R. R. A. assume towards reestablishing these dislocated persons in their natural environment? You say we have to extend, I suppose, assistance to get them restored to their normal earning capacity, and we have to pay their transportation.

Mr. STEIN. Well, what U. N. R. R. A. attempts to do, Mr. Ludlow, is to find out who they are, make a general survey and try to bring them back to their former homes, keep them while they are in the process of transit, and then when they get back home the countries where they belong will take care of them under their general relief program. In other words, the country itself will then start assuming obligations with respect to them and will use the general U. N. R. R. A. relief program of clothing, food, and so forth, for these people along with the other people in the country.

Mr. RABAUT. The mere fact that U. N. R. R. A. exists is a real notification that these people are not abandoned, and the fact that U. N. R. R. A. exists is going to give them confidence, and also the countries in which they are located will know that they have a friend and that they will not be abandoned. That will give them confidence and hope and that is what they need in this terrible hour through which they have been going. I think it is a wonderful thing.

Mr. LUDLOW. I join with the gentleman from Michigan in his observations.

Mr. TABER. I have two or three questions on this item which I would like to ask you.

It looks to me now, like instead of our contribution, instead of being \$4,000,000 for administrative purposes, when you figure in procurement and services and things like that, is going to be \$38,000,000.

Mr. CROWLEY. How do you figure that, Mr. Taber?

ANALYSIS OF ADMINISTRATIVE EXPENSE

Mr. TABER. Well, you have \$4,000,000 in here for this so-called administrative cost of procurement; you have another \$4,000,000 for administrative expenses of U. N. R. R. A., and you have \$30,000,000 for relief services, and if that does not make up \$38,000,000 I do not know what else it means. That is how it figured when I went to school.

Mr. Cox. That is the way it adds up now, but you are adding apples and pears.

Mr. TABER. No; I am adding services, procurement services and administrative services.

Mr. Cox. No.

Mr. TABER. And I do not know how you can get it any other way when you look over this page.

Mr. Cox. When you are paying for the expense of moving Poles, Czechoslovakians, and so on, back home, it is not an administrative expense.

Mr. TABER. It is relief service, which means helping them to handle the relief program.

Mr. Cox. No; that means handling them in transit.

Mr. TABER. That is what this gentleman told us a few minutes back.

Mr. STEIN. It includes the maintenance of these people in camps, the providing of some of the camps, feeding a great many of them and making arrangements to get them back. There is involved the employment of technical personnel, such as doctors, nurses, and other people in the camps. I do not believe that it would be very profitable to describe that as an appropriate administrative expense, such as running the U. N. R. R. A. office. The two are not comparable.

Mr. CROWLEY. And investigations that have to be made.

Mr. STEIN. That is right.

Mr. TABER. Those are things that used to be considered administrative expenses. I do not see why you should try to keep them down and call them something else. It looks like you are operating under an alias.

Mr. CROWLEY. Mr. Taber, you might say in a sense that procurement was an administrative expense.

Mr. TABER. What else is it?

Mr. CROWLEY. However, U. N. R. R. A. does not get it; it goes directly to the procurement agency. You also will have to pay to the procuring agencies of other countries undoubtedly for the administrative cost of procurement, just as you do to the United States procuring agencies. You understand that is only a part of the procurement here.

Mr. TABER. I understand.

Mr. CROWLEY. So that undoubtedly you are correct in assuming a certain amount of it, but not in the ordinary sense in which the administrative expenses are used, as far as the ordinary conduct of the running of a business is concerned.

Mr. TABER. Well, if you were running a grocery store and hired a buyer, what you paid that fellow in the way of salary would be a part of your administrative expenses, would it not?

Mr. CROWLEY. Surely. But on the other hand the more he bought for you the higher your administrative cost would be, if the volume ran up to a point which required more people to do the buying.

In this we have set aside \$4,000,000 for procurement, \$2,000,000 in the first half. Now if they do not procure goods they would not spend the money. However, you do have to have a sizeable organization to operate U. N. R. R. A. from its very inception, and even now you have certain expenses.

Mr. TABER. Yes; they have got some five hundred over there—I believe that is a little over the figure, and I do not know what your payroll is running, but assuming that is right and the average is around \$3,000 a piece, that would be \$1,500,000. If we assume that it might be double, and you would not expect very much more, it might run the set-up to as much as \$3,000,000, and it is kind of hard to see how it is going to come out in the future.

Mr. CROWLEY. Mr. Taber, I do not think anyone is enough of an administrative efficiency man to determine the size of the organization

that U. N. R. R. A. might have to have in 6 months, 8 months, a year or 18 months from now. The whole thing might get bigger.

Mr. TABER. We have had quite a habit of building these personnel set-ups a way outside of what was needed and having a lot of chair bottom people sitting around doing nothing, and we ought to get away from that kind of a set-up when we are creating a new outfit; we ought to try to break away from that practice as soon as we can.

ADMINISTRATIVE CONTROL OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. CROWLEY. But Mr. Taber, it is not for the F. E. A. to supervise the personnel details of U. N. R. R. A. That is an administrative matter that is run by the Board of Directors of U. N. R. R. A.

Mr. TABER. There ought to be somebody in control of it.

Mr. CROWLEY. There is; they have an international Board of Directors, and they have a Director General now whose job is to determine the size of the organization, and he should do it in making his investigation to determine this need and the amount required in the administrative budget.

I think that services to be paid for with the \$30,000,000, constitute an entirely different function from the ordinary function of administrative detail—entirely different.

DISTRIBUTION OF ADMINISTRATIVE AND RELIEF SERVICES

Mr. ACHESON. I undertook to explain that yesterday, Mr. Taber. I do not know whether you were here or not.

Mr. TABER. Yes; I was here.

Mr. RABAUT. Yes; he was here all right. He is always here.

Mr. ACHESON. I stated there were three categories of funds for which U. N. R. R. A. is going to be called upon to contribute, and the first was for administrative expenses. That budget was prepared and was allocated to the various countries, and our share was \$4,000,000.

And a part of the operation under a very large budget which U. N. R. R. A. has got to do concerns public health and that is going to require nurses and doctors and an organization to deal with epidemics, preventative medicine and making investigations, which are not a part of administrative expense, in any sense. It is no more administrative expense than the medical corps in the Army is administrative expense.

And the third category concerns supplies.

We cannot set up relief service as part of administrative expense, because it is not in any sense a part of administrative expenses.

Mr. TABER. What would you call it?

Mr. ACHESON. Just what we are calling it here; it is relief services; those are services of nurses, doctors, and women, ambulance drivers, and hundreds of people who have got to be used in the various stricken areas to take care of any particular epidemic and relieve any situation that might occur.

Mr. CROWLEY. Sort of clinical service?

Mr. ACHESON. Yes; it is clinical service in a sense, the kind of service you are going to have to furnish when you have some 20,000,000 people who are scattered all over the place. You have got a tremendous job on your hands all the time when you are dealing with people

away from home, people who are away from home, and you will have to make an investigation to see whether those people are Russians, Poles, Germans, French, and whatnot.

Mr. TABER. Do you not think you can go along with much less than this amount?

Mr. ACHESON. No; I do not think so; you are going to have a very big problem, and I do not think you have any conception, Mr. Taber, of the terrible situation that exists in Europe.

Mr. TABER. I think I understand.

Mr. ACHESON. Think of 20,000,000 people who have been dislocated. If we had 20,000,000 people in this country who had been taken anywhere from 300 to 1,000 miles from their homes and put into areas where the language was different, where they have lost contact with their families and where they have become absolutely destitute you could understand the colossal job. You have got first to find out where these people came from, make investigations, many of them have been separated from their families, many are children who are away from their parents, who do not know whether their parents are dead or alive, and all that sort of thing. It is a tremendous job. There has not been any such move of population in recorded history.

Mr. LUDLOW. And that includes children, women, and old men.

Mr. ACHESON. And people who have been put to forced labor and all sorts of things.

Mr. TABER. There is not a big item of that anywhere outside of the Axis-occupied territories.

Mr. ACHESON. Well, there is more in the Axis-occupied territories, although you do have a lot of people in the Middle East and the Soviet Union, who have sought refuge from the enemy, and you have some people in north Africa. Of course, the greatest number of people are the people who have been displaced in the Axis-occupied territories.

Mr. LUDLOW. And who have been driven into virtual slavery.

Mr. ACHESON. A good many of them, Mr. Ludlow; yes. And a good many people have been driven from the battle areas and have not been able to get back; some are forced workers. There are all sorts of displaced people among them.

TOTAL ADMINISTRATIVE BUDGET FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. WIGGLESWORTH. How did you arrive at the \$10,000,000 figure for U. N. R. R. A.'s administrative expenditures?

Mr. ACHESON. That is contained in the budget which was prepared by the Director General and submitted to the Council.

Mr. WIGGLESWORTH. Is that the maximum figure?

Mr. ACHESON. That is the maximum that has been approved for the administrative budget; that is what we are to ask to provide our share of.

Mr. WIGGLESWORTH. But could the figure be anything beyond that; could the Board approve more than that under the underlying agreement?

Mr. ACHESON. No; it provides that the Council has to approve the budget, and whether the contributing countries will contribute the amount the Council requests is for them to decide.

Mr. WIGGLESWORTH. What obligation, if any, rests on us with respect to that \$10,000,000?

Mr. ACHESON. Our obligation is subject to our constitutional procedure, which means that the Congress has to consider it and act on it, and our obligation is to endeavor to get it passed upon as soon as possible.

OBLIGATION OF THE UNITED STATES TO CONTRIBUTE TO THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. WIGGLESWORTH. As far as America is concerned, are we under obligation to contribute \$4,000,000 or to contribute 40 percent of whatever budget may be fixed; does that represent our maximum contribution, or a contribution up to that maximum.

Mr. ACHESON. The precise language, Mr. Wigglesworth, in article 6 of the General Agreement, which is contained in the binder you have, on page 14 says:

The Director General shall submit to the Council an administrative budget and from time to time such supplemental budgets as may be required covering necessary administrative expenses of administration. Upon the approval of the budget by the Council the total amount approved shall be allocated to the member governments in the proportion it is determined by the Council. Each member government undertakes, subject to the requirements of its constitutional procedure to contribute its amount promptly in order to pay the administrative expenses so determined.

And in one of the resolutions, Resolution No. 38, the amount approved for the administrative budget is \$10,000,000 and it is allocated in certain percentages to all of the 44 countries. The amount allocated to the United States was 40 percent, or \$4,000,000.

Our obligation under the agreement is subject to our constitutional procedure, which means the final determination and the right of action is in the Congress of the United States, which will determine how much of the contribution it will appropriate.

Mr. LUDLOW. Do you feel that we are under moral obligation to approve it?

Mr. ACHESON. I feel we are under moral obligation to approve it unless the Congress finds there is some colossal error about it, and there is not.

It is quite a modest budget for an undertaking of this type and I doubt very much whether all of the budget will not be fully expended this year because we are almost half way through this year, and it takes quite a while to get under way.

Mr. WIGGLESWORTH. You doubt that it will be expended?

Mr. ACHESON. I doubt whether all of it will in the calendar year, but nevertheless I think we should appropriate it and if the amount is unexpended it can be held over.

BUDGET IS ON CALENDAR YEAR BASIS

Mr. WIGGLESWORTH. This is on a calendar-year basis?

Mr. ACHESON. It is on a calendar year basis. This budget, I believe, is for 13 months; I think it goes from the 1st of December, 1943, to the end of December, 1944.

Mr. LUDLOW. Why was it set up in this way?

Mr. ACHESON. It was set up on a calendar-year basis; the organization was finally organized on the 1st of December, so we only had 1 month of that year and it was not felt worth while to set up a budget for 1 month.

Mr. LUDLOW. After that it will be on a straight calendar-year basis?

Mr. ACHESON. On a straight calendar-year basis. And I might mention at the present time, Mr. Wigglesworth, that the organization has been running on contributions of other countries, because the United States has not been able to make any. We have been using the money contributed by other members up to the present time, so the United States share will certainly be needed for the rest of the year. No American money has been available to date, and yet we have been in operation since December.

EXPENDITURES TO DATE

Mr. WIGGLESWORTH. How much has been expended to date?

Mr. ACHESON. I do not have those figures.

Mr. WIGGLESWORTH. Could those figures be supplied?

Mr. ACHESON. Yes; I do not think there would be any difficulty about that.

(The information is as follows:)

Tabulation of the expenditures and unliquidated obligations of the United Nations Relief and Rehabilitation Administration for the period beginning Jan. 1, 1944 through Apr. 30, 1944

Personal services.....	\$544, 575. 83
Travel.....	66, 807. 16
Communication.....	28, 995. 20
Supplies and materials.....	14, 668. 34
General equipment.....	32, 401. 01
Other contractual services.....	17, 859. 96
Total.....	705, 307. 50

PERSONNEL

Mr. TABER. How many people do you expect to have employed in all, Mr. Acheson?

Mr. ACHESON. I could not possibly say.

Mr. TABER. You do not have any idea?

Mr. ACHESON. Not at the present time. You mean the total employees of the organization?

Mr. TABER. Yes.

Mr. ACHESON. No; I do not know.

Mr. TABER. What type of people are they? I would kind of like to know. I have checked up on some of the personnel of these agencies, and I am wondering what sort of people they are. Are they people fit for the jobs or are they the kind of people who never did have any business or practical experience?

Mr. ACHESON. I think the bibliography of the principal officials which is shown in the folder, indicates the type of personnel that has been employed so far, the higher officials. You have that before you.

Mr. TABER. Yes.

Mr. ACHESON. Those are all pretty well-known men, who have done good jobs in their various governments. One of the things that we are anxious to do, is to make this really an international staff, and it is a hard thing to do, because it is hard to get a certain number of citizens or subjects of other countries. In the first place, some of them find it difficult to get here because they are in occupied territory and others are overburdened with the work they have. And we have also found this very serious problem, the double taxation that some of these people will have to face, because some of the foreigners who come here have to pay a tax on their salary to their own government and to the United States. We have been successful in getting some very able people and it is hoped as this thing goes forward and countries become liberated, to have a much greater proportion of citizens of other countries.

LANGUAGE OF BUDGET ESTIMATE

The CHAIRMAN. Taking up the language of the bill, the committee will turn to page 5 of House Document 572, containing the Budget estimate: The first section consists of two provisos, and the first proviso is divided into three parts. Taking up the first proviso, the first clause (1) provides that any sums allocated to any Government agency to be expended on account of furnishing supplies as charged against their contribution, or allocated from U. N. R. R. A. for procurement by us may be expended without regard to provisions of law which are waived with respect to the purchase made by that Government agency in its own operations. That in effect means the waiving of such laws in each case as have already been waived in connection with the transaction of their own business during the war emergency?

Mr. Cox. That is right.

The CHAIRMAN. It would also vary in practice in accordance with the laws applicable to the particular agency involved.

Mr. CROWLEY. Yes; the Department that does the procurement.

The CHAIRMAN. Are there any questions on that proviso? If not, the second clause in the first proviso (2), as I read it, does nothing more than to require reimbursement of funds of other Government agencies on account of supplies which have been procured from their appropriation and furnished for U. N. R. R. A.?

Mr. Cox. That is right. I might say there, Mr. Chairman, in connection with the question you raised this morning, that the purpose and intent within the framework of this language was, in the first instance, for the F. E. A. to try to obtain the supplies from other departments or agencies of the Government before any new procurement was done.

The CHAIRMAN. There will be interagency transfers that will facilitate accounting and also procurement and handling of our U. N. R. R. A. accounts?

Mr. Cox. Yes; and to try, wherever supplies are available, to secure those stocks before any new procuring is done, whether it be from War Department or Treasury, War Food, or otherwise.

The CHAIRMAN. The third clause of the first proviso (3) provides in effect that any supplies for services procured with these U. N. R. R. A. funds may be retained by or transferred to any Government agency and the U. N. R. R. A. contribution fund reimbursed.

Mr. Cox. Yes.

The CHAIRMAN. This is the reverse of clause (2) just discussed.

Mr. Cox. Yes.

The CHAIRMAN. That is, if it is more important after procurement from U. N. R. R. A. funds that the supplies be turned over to lend-lease or maybe the Army or Navy, you would have the authority to do that?

Mr. Cox. Yes.

The CHAIRMAN. It will secure flexibility in the total stock pile yet keep an account of it accurately.

Mr. Cox. That is right.

The CHAIRMAN. Are there any questions on that section?

The second proviso in section 1 provides that any officer or employee of the United States who is detailed to U. N. R. R. A. and compensated from the \$450,000,000, either directly or by reimbursement of agency funds, shall, while so detailed, not lose his status and rights as an officer or employee of the United States while so detailed. What is the explanation of that?

Mr. Cox. That arose originally in the specific case of the Public Health Service. The Surgeon General was asked whether or not if the situation arose where there would be a pressing need for doctors, and the Public Health Service had doctors which were available and detailed, whether those doctors could be detailed.

The CHAIRMAN. What details to U. N. R. R. A. have already been made of those doctors?

The CHAIRMAN. What details have already been made of these doctors?

Mr. Cox. Some have been made as advisers to U. N. R. R. A. The problem was whether they lost their pension rights and other status as Public Health Service officers, if they went with an international organization, without clear-cut language in the appropriation to cover the situation. This was put in primarily at the request of the Public Health Service.

The CHAIRMAN. It protects their rights?

Mr. Cox. It protects their rights while they are on detail.

The CHAIRMAN. And these details will be paid by U. N. R. R. A.?

Mr. Cox. Yes.

The CHAIRMAN. And the United States will not pay the salaries and expenses, without reimbursement?

Mr. Cox. No, the salaries will be paid by U. N. R. R. A.

The CHAIRMAN. And if the United States does pay them, it will be reimbursed by U. N. R. R. A.?

In other words, if we were not reimbursed, it would constitute an additional contribution over and above the amount here?

Mr. Cox. No.

The CHAIRMAN. If we paid them and were not reimbursed by U. N. R. R. A., it would constitute an additional contribution?

Mr. Cox. That is right. But it contemplates reimbursement through a charge against the U. N. R. R. A. appropriation.

The CHAIRMAN. The proviso is not submitted as an authorization for the detail?

Mr. Cox. No.

The CHAIRMAN. That will be governed by general law, or the law of a particular agency, as to whether they can legally make a detail?

Mr. Cox. Yes. The authorization resolution, Public Law 267, grants authority to make part of our contribution in the form of personal services of United States employees.

The CHAIRMAN. Other nations are following this procedure in order to get experienced men to help U. N. R. R. A. in the field of medicine, sanitation, health, engineering, nutrition, and so forth; and we are following the same plan?

Mr. Cox. That is right.

AUTHORITY TO USE LEND-LEASE FUNDS

The CHAIRMAN. Section 2 is the authority for use of lend-lease funds up to a total of not to exceed \$350,000,000, and to charge that amount against our total promised contribution of \$1,350,000,000 to U. N. R. R. A. I think we understand that generally, but we would like to know whether the \$350,000,000 can come from the direct lend-lease funds and the authorized use of Army and Navy funds, or is it confined or intended to be confined to the direct appropriations for lend-lease to the President?

Mr. Cox. It can come from both, Mr. Chairman. As you know, the major purpose of this section is to make available supplies that are transferable under the Lend-Lease Act on the assumption that as the Army and Navy and Lend-Lease needs decrease, the U. N. R. R. A. needs are likely to increase. So that this is a means of utilizing stocks or supplies that have been procured for transfer under the Lend-Lease Act; and it would, in effect, result in a reduction in terms of dollars of the funds appropriated for those other purposes. It would include the direct appropriations to the President as well as the appropriations directly to the War and Navy and other departments and agencies, available for expenditure or disposition by the President under the Lend-Lease Act.

The CHAIRMAN. Let me ask you right there: You say it will include direct appropriations. Is it confined or intended to be confined to the direct appropriations for lend-lease to the President?

Mr. Cox. No, sir.

The CHAIRMAN. That is satisfactory, then?

Mr. Cox. Yes.

The CHAIRMAN. Otherwise the language would hardly serve the purpose.

Mr. RABAUT. Mr. Chairman, I would like to ask this question. Mr. Cox, will you point out the provisions that tie all of this to the U. N. R. R. A. Act?

Mr. Cox. The first sentence. It says:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to enable the President to carry out the provisions of the Act of March 28, 1944 (Public Law 267), and for each and every purpose incident thereto or necessary therefor, there is hereby appropriated out of any money—

and so forth.

There is another point which I will make later on; but as I interpret this in its reasonable context, everything that follows after that, with provisos 1, 2, and section 2, are controlled by that language. That is, they all have to be done to carry out the purposes of Public, 267. That, to my mind, is clear cut.

The second thing, which is inferential, is at the bottom of section 2, which says that the transfers of supplies, services, or funds shall be charged to the amount authorized to be appropriated by said act. That is incidental; that is, any part of the transfer of \$350,000,000 in supplies, services, or funds, if and when made, to carry out the purposes of the act, are to be charged to the \$1,350,000,000 contribution authorized by Public, 267, which is U. N. R. R. A. resolution.

The CHAIRMAN. Thank you, Mr. Crowley and Mr. Cox.

FRIDAY, MAY 12, 1944.

FOREIGN ECONOMIC ADMINISTRATION

STATEMENTS OF LEO T. CROWLEY, FOREIGN ECONOMIC ADMINISTRATOR; HENRY RILEY, DEPUTY ADMINISTRATOR; OSCAR S. COX, GENERAL COUNSEL; PAUL E. NITZE, DIRECTOR OF FOREIGN PROCUREMENT AND DEVELOPMENT BRANCH; AND WILLIAM STONE, DIRECTOR OF SPECIAL AREAS BRANCH

SALARIES AND EXPENSES

The CHAIRMAN. Continuing our hearing, we take up the estimates for the Foreign Economic Administration for the fiscal year 1945, submitted in House Document 566, as follows:

Salaries and expenses: For all expenses necessary to enable the Foreign Economic Administration to carry out its functions and activities, including salaries of the Administrator at \$12,000 per annum, one Deputy Administrator at \$10,000 per annum, and four assistants to the Administrator at \$9,000 per annum each; employment of aliens; temporary employment of persons or organizations by contract or otherwise without regard to the civil-service and classification laws (not exceeding \$100,000); travel expenses (not exceeding \$275,000 for travel within continental United States), including expenses of employees of the Administration and the transportation of their personal effects to their first posts of duty in a foreign country and return to their homes; transportation of dependents and household goods and effects, in accordance with the Act of October 10, 1940, from foreign countries to their homes in the United States of employees of the Foreign Economic Administration and the State Department for whom such expenses to a foreign country were authorized and paid from funds allocated to the Board of Economic Warfare; advances of money, upon the furnishing of bond, to employees traveling in a foreign country, in such sums as the Administrator shall direct; reimbursement of employees for loss of personal effects in case of marine or aircraft disaster; rental of news-reporting services; purchase of, or subscription to, commercial and trade reports; printing and binding (not exceeding \$90,000); \$20,881,000, of which amount not to exceed \$100,000 shall be available for payment, or reimbursement to employees, as determined by the Administrator, for emergency or extraordinary expenses in connection with operations in foreign countries, without regard to the provisions of law regulating the expenditure, accounting for, and audit of Government funds: *Provided further*, That not to exceed \$500,000 of the amount herein appropriated shall be available for expenditures of a confidential character to be expended under the direction of the Administrator, who shall make a certificate of the amount of each such expenditure which he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

The CHAIRMAN. We would like to have a general statement if you will, Mr. Crowley, and a rather comprehensive and detailed statement of what has taken place under the general reorganization when the Foreign Economic Administration was established. This is the first

time the committee has considered the F. E. A. as an entity, previously having dealt with the separate agencies when they comprised the Board of Economic Warfare, Lend-Lease Administration. And, we would be glad if you would tell us about the reorganization, tell us about what has taken place under the general reorganization, what took place when the Foreign Economic Administration was established, what agencies were consolidated, and how they were consolidated; how F. E. A. functions at home and abroad, and what economies have resulted from the consolidation; in other words, a rather complete résumé of the entire operation.

Mr. CROWLEY. Thank you, Mr. Chairman; I will be very happy to do that.

GENERAL STATEMENT OF ADMINISTRATOR CROWLEY

WORK IN CONNECTION WITH LEND-LEASE PROGRAM

In the last few days we have given the committee detailed information with regard to the lend-lease program and the work which the Foreign Economic Administration will be doing in connection with the United Nations Relief and Rehabilitation Administration. These are, of course, but two aspects of United States economic operations abroad carried on by the Foreign Economic Administration. In order that the committee may have an over-all picture of our foreign economic program, I should like to review briefly the various activities with which we have been entrusted.

With the creation of the Foreign Economic Administration there was achieved for the first time an effective consolidation of the greater part of this Government's foreign economic operations. The most important of these operations are:

Lend-lease.

Export control.

The foreign procurement of strategic materials.

Economic warfare (including blockade, preclusive purchases, and economic intelligence for the military).

Liberated areas (with the military).

Procurement, etc., for United Nations Relief and Rehabilitation Administration.

Disposal of surplus property abroad.

These programs are of great scope and magnitude. They cover the globe, including the enemy countries. They affect practically every industry in the United States, and almost every major industry in the rest of the United Nations.

The purpose of these foreign operations is to strengthen the military effort of the United States and the United Nations and weaken the war effort of our enemies. These operations increase the war production of the United Nations. They are the counterpart in the foreign field of the tremendous production effort at home.

I cannot emphasize too strongly that these programs are vital to our war effort. We are not lend-leasing goods abroad in order to please our allies: we are lend-leasing them so that our production can hit the Axis hard and our allies will be able to produce more and better weapons for use against the common enemy.

We are not spending money on strategic materials in South America in order to scatter American dollars over the globe and to win favor with other countries. We are buying abroad those goods which are

desperately scarce and which are absolutely essential to our war production. Everyone knows about the scarce metals which we are procuring around the world. There are hundreds of these critical commodities. There are radio quality quartz crystals which are vital in the production of radar and radio equipment and therefore of great concern to the air force. To get these crystals in adequate supply from Brazil, we had to develop practically an entire new industry. There is pyrethrum, which the armed forces need for insecticides in warding off malaria. We flew the seeds from East Africa, and developed plantations in Central America. There is cinchona bark, which is the source of quinine. Since supplies from the Far East have been shut off, we have developed Western Hemisphere sources of supply in 11 different countries. Our experts are combing the jungles to get this vital commodity.

The export control program is another major factor in this war of production. Through export control we keep within the country those goods that our war production needs. We carefully screen commercial exports so that our production will go to those countries and into those industries where they can make the largest contribution in the war effort. This work requires forward estimates for hundreds of commodities in dozens of countries in order that a portion of the domestic output can be reserved for vital war use abroad. It requires a meticulous scrutiny of thousands of individual orders every week to insure that scarce commodities shall go abroad only for essential purposes and that the drain of exports shall not hamper war production at home.

We are carrying the war of production even further through our foreign economic operations. We are conducting an economic blockade of the enemy. We are constantly working with a variety of measures to induce the neutrals to cut off their aid to the enemy's war effort. Where we cannot stop critical supplies for the enemy's production machine in any other way, we buy them up. Through blacklisting and other devices, we are uncovering the economic agents of the enemy in foreign countries and rendering them as ineffective as possible.

In the last year, taking advantage of our improved military position, we have redoubled this campaign. The recent decisions of Turkey and Spain to eliminate or cut down their shipments of vital ores to the enemy, are the equivalent of military victories for the United Nations. If the exports of Swedish ballbearings to Germany are stopped, it will save the lives of American airmen who would otherwise have to bomb German centers of production. This is but one example of the kind of economic warfare which has been carried on every day of the war. If the work is done well, lives are saved; If it is not done well, lives are lost.

Part of this war of production is carried on directly by the military, especially through the bombing of enemy mines and factories. F. E. A. cooperates in this work by gathering, classifying, and analyzing thousands of bits of economic information about the enemy's production and putting them into the form which is most useful for military operations.

The economic work done in connection with invasion and liberation affects not only the immediate security of our forces but also the security of this country in later years. Our work with the Army and

Navy is directed toward helping the local populations get back into production in order that they may support themselves, relieve the drain on our own production, and make every possible contribution in the next stages of the war.

Some of these operations are complicated, but their purpose can be simply stated. Victory requires production on a massive scale. We must strengthen the production effort of the United States and of every other United Nation by utilizing to the maximum all the resources which are available to us. The United States is doing this through its foreign economic operations. We are using our production to increase the war effort of our allies. We are using their production to increase our own war effort. We are utilizing every weapon, economic as well as military, to smash and weaken the war production of our enemies.

The foreign economic operations which we are undertaking in this war far surpass anything known or done in the last war. Lend-lease, our export-control measures, our strategic imports, and our economic warfare are much more effective instruments than any we have had before in our history.

FUNCTIONS

This foreign economic machinery was not created all at once. It grew up parallel with the machinery for economic mobilization on the home front. The operations were started in various agencies of government. Thus, Lend-Lease was preceded by an interdepartmental committee in the Treasury which supervised the war purchases of foreign governments. Economic-warfare measures were undertaken in several departments and then coordinated by a Cabinet Board. Export control was at first administered by a separate organization, staffed by the military, which later was merged with the Board of Economic Warfare. Other foreign economic operations had similar beginnings. There were good administrative reasons why these foreign economic operations developed as they did, such as the peace-time activities of the various departments, the powers which certain agencies possessed at the start of the war, and the qualifications of existing personnel.

But by 1943, after a year of war, when these operations had grown in scope and when their nature had become better understood, it was clear that they should be consolidated in a single agency in order to increase efficiency and eliminate duplication.

The Foreign Economic Administration was formed by merging the foreign economic functions and staffs scattered through 14 different agencies. These were:

1. The Office of Lend-Lease Administration.
2. The Board of Economic Warfare.
3. The Commodity Credit Corporation.
4. The Reconstruction Finance Corporation.
5. The Export-Import Bank.
6. Defense Plants Corporation.
7. Defense Supplies Corporation.
8. The United States Commercial Company.
9. Rubber Development Corporation.
10. The Petroleum Reserves Corporation.
11. Metals Reserve Company.
12. Cargoes, Incorporated.
13. The Office of Foreign Relief and Rehabilitation Operations.
14. The Office of Foreign Economic Coordination.

All these organizations were carrying out foreign economic operations.

The organization which has been set up in F. E. A. is comparatively simple. It consists of four corporations—the Rubber Development Corporation, the Petroleum Reserves Corporation; Cargoes, Incorporated, the United States Commercial Company; one bank—the Export-Import Bank; and two bureaus—the Bureau of Areas and the Bureau of Supplies.

The Export-Import Bank, the Rubber Development Corporation, and the Petroleum Reserves Corporation are carrying out their purposes of lending abroad, developing rubber abroad, and seeking to augment our petroleum reserves. The United States Commercial Company is executing the foreign procurement functions which were formerly scattered through a number of R. F. C. corporations, the Board of Economic Warfare, and the Commodity Credit Corporation. Its personnel has been integrated with the personnel of the two operating bureaus in the Foreign Economic Administration. All the other foreign economic operations: lend-lease, economic warfare, export control, and the furnishing of supplies for liberated areas, are carried on by one or both of the two operating bureaus. The Bureau of Areas is organized on a regional principle and the Bureau of Supplies is organized along commodity lines.

It was a big step to take these operations which had been spread through so many agencies and place them in a single organization. This step was taken only after a careful investigation of all activities and all units performing those activities. As a result, I believe it can be said as certain British commentators have said, that the United States now has a better organization for handling foreign economic matters than any other country in the world.

This reorganization was directed not only at strengthening our war effort through consolidating and unifying our foreign economic operations, but was also aimed at strengthening our foreign policy. The major programs and operations of F. E. A. are worked out in close collaboration with the Department of State and are made to conform to the foreign policy as determined by the Secretary of State. This is more easily accomplished when there is one agency than when there are many.

I think it was a wise decision to put our foreign economic operations in a separate agency, since the commercial character of the work, the qualifications of the personnel, and the form of organization are quite different for foreign economic operations than for foreign policy.

PERSONNEL AND ADMINISTRATIVE EXPENSES

The consolidation of functions and personnel of 14 agencies into a single organization was carried out in the latter half of 1943. During this period a thorough reorganization of the work was accomplished without interruption of any of the programs.

The consolidation has already shown marked results in the efficiency with which our foreign economic operations are being conducted. By having a single agency screen foreign requirements for both lend-lease and commercial exports, a more effective over-all determination of requirements is being made. Better and more clear-cut standards have developed as to what goods should move under commercial

exports and what goods should move under lend-lease. The lend-lease program has been improved by placing it in close conjunction with our own program of foreign procurement. A great many commodities formerly purchased for cash from the British Empire are now being received as reverse lend-lease. Now that the entire organization of foreign procurement is carried on in the same agency, the speed with which we can negotiate and clear contracts has been greatly increased. The efficiency of the foreign food procurement program has been improved. The consolidation of all imports and all exports within one agency has given the commodity men a more complete view of the United States position on commodities and better information as to foreign conditions. The groundwork has been laid for the first time for central record keeping of foreign expenditures.

These are a few examples of the benefits of consolidation. The basic fact is that all these foreign operations are interrelated and the consolidation has improved each one.

The consolidation has also improved the over-all representation of American economic interests abroad. The separate foreign missions of the agencies have been unified into single missions, and the United States now presents a single point of view in its economic dealings with foreign countries. The unification in Washington has also helped in our dealings with foreign governments. The consolidation of separate procurement staffs now means that there is a single decision as to what shall be bought and how much shall be paid for it. The integration of lend-lease and commercial exports prevents any possibility of duplication in the requirements field. Likewise, in the highly important and necessary dealings with the Combined Boards and other Inter-Allied agencies, the foreign economic interests of the United States are better presented now that many of the separate agencies have been consolidated.

The administrative costs have been reduced. The 1944 administrative funds allowed for these functions were approximately 46.5 million dollars. The amount actually used in the fiscal year 1944 will be only 30.5 million dollars or 16 million dollars less than the amount available. This reduction is all the more significant because five or six major operations have been carried out which because of the course of the war, could not be foreseen when the 1944 appropriation requests were made.

These additional functions have been initiated and executed with a decrease of personnel. Shortly after the reorganization, a personnel freeze was imposed. As new operations became necessary, cuts were made in the personnel carrying out the functions of lend-lease, export control, and economic warfare and shifts were made to the new programs. This process is not yet finished. It would be impossible to do this if the agencies were separate.

In view of the fact that the separate agencies had budgets for 1944 which were 50 percent greater than the amount which the consolidated agency actually spent, and since at the time of reorganization each of the agencies was expanding its personnel, I think it is safe to say that the reorganization has saved administrative money.

Our appropriation request is based on plans to carry out an enlarged volume of work with less personnel.

Several of the operations of the Foreign Economic Administration will have to be substantially expanded in the coming 12 months. The two most important are the activities in connection with liberated areas and the procurement of foodstuffs abroad. The liberated areas work which is being carried out with the Army is vitally essential. It will require considerable personnel to expedite civilian supplies to those areas. The programs of foreign food procurement and supply are also of first importance, because of the world-wide food shortages which exist. In addition, we shall have to devote personnel to the problems of disposing of surplus property abroad, including property which is in the possession of our own and other United Nations military forces. Our personnel plans are based on the assumption that not much of the work of disposing of surplus will have to be done within the next fiscal year, but this assumption may prove wrong. Other new functions which will require personnel are those of acting as a clearing house for total government expenditures abroad, of further processing procurement contracts, and of handling United States funds for United Nations Relief and Rehabilitation Administration and the supply requests which United Nations Relief and Rehabilitation Administration makes of this country.

We hope to realize certain savings on personnel during the next 12 months by simplifying procedures and realining the staff. But because of the vast scope of the operations of lend-lease, economic warfare, foreign procurement, and export control any substantial curtailment of personnel for these operations might well jeopardize an important part of our war effort.

If it should prove impossible to realize further economies in existing functions and if the new functions which I have mentioned cannot be taken care of by intra-agency transfers, we shall have to return to Congress for additional funds in order to carry on the work.

On the other hand, should the course of the war make it possible to drop any functions, we shall not hesitate to do this. Our plan is to eliminate controls and return to private trade in step with the demobilization of domestic economic controls.

The Foreign Economic Administration is requesting approximately \$20,800,000 for administrative expenses for 1945. This is to be compared with the sum of \$46,600,000 which was available for a smaller range of functions for the fiscal year 1944.

There are several broad reasons why we have been able to reduce the request by such a large figure. In the first place during the current fiscal year we have reorganized and spent far less—\$16,000,000—than the agencies thought they would have to spend—\$8,000,000 of this reduction consists of funds which were available for confidential purposes. In the second place, we have found it possible to economize on various items in the coming year by a further \$7,600,000. However, \$2,000,000 of this represents an expenditure for which the Department of State is now making provision. In the third place, we have allocated administrative expenses of approximately \$2,000,000 to the cost of procurement abroad, since these expenses are clearly related to the cost of procuring goods which are later resold. These are the three major items which account for a reduction of \$25,700,000 in our estimates of administrative expenses.

These funds will provide for a personnel in the United States of 3,739. This is far below the approximately 4,900 persons for whom

the former separate agencies had received funds and is less than the 4,000 persons who were transferred from the constituent agencies. It is also lower than the current figure of 3,884. This figure represents, in my opinion, the minimum number of employees required to do the work of the Foreign Economic Administration.

The Foreign Economic Administration carries out the bulk of the foreign economic operations of the country. These foreign economic operations help to unify the war production of all the United Nations and direct that production against the enemy. The United States is playing the major role in organizing this international battle on the production front, and we now possess administrative machinery for this purpose which is more compact and unified than that of any other country.

In this statement I have described only the main outlines of the work, but we intend to make available to this committee all the information it wants about any aspect of our operations.

The CHAIRMAN. Have you any supplemental statement which you care to make at this time, Mr. Crowley?

Mr. CROWLEY. I would like to do this, Mr. Chairman, before we go into any questions. We have Mr. Stone here who has charge of our economic warfare activities, and we would like to have him talk to you off the record concerning these operations and then whatever part you wish on the record we can put in the record. But I think he can give you a better picture of what we are doing in economic warfare if he is permitted to present the picture now off the record.

The CHAIRMAN. Mr. Stone, we will be glad to hear you.

(Statement off the record.)

ECONOMIC WARFARE PROGRAM

The CHAIRMAN. We will now have a statement from Mr. Stone regarding the economic warfare program.

Mr. STONE. Since the First World War, the Germans and the Japanese have been preparing for the economic phase of the total war they are waging against us and our allies. Unlike our enemies, we harbored no aggressive designs on other nations and were unprepared for this kind of warfare. Since the outbreak of the war, however, we, in close cooperation with the British, have been able to develop increasingly effective economic weapons against the enemy.

F. E. A. carries on economic warfare against the enemy on two fronts. On one, it devises and carries out measures to enforce the blockade and cut the enemy from neutral war resources. On the other, it maintains a current inventory of enemy strength and weakness for the Army and the Navy. On both fronts we work closely with the State Department, the British Ministry of Economic Warfare, and our armed services.

Precise information about the enemy's economy is essential to our blockade operations which are aimed at preventing the enemy from obtaining vital supplies. We tap every available source of information—the files of foreign firms, American engineers who have worked abroad, refugees and foreign travelers, captured enemy equipment, crews of captured blockade runners and even the secret sources of the underground. At present about 30,000 confidential documents relating to the enemy's economy come to us every week and are carefully

studied. Out of all of these sources we are able to piece together a comprehensive picture of the enemy's economy.

The chief weapons in our arsenal for blockading the enemy are: War-trade agreements, blacklisting, contraband control, and preclusive buying.

War-trade agreements with neutrals are the most effective controls over their trade with the enemy. These agreements ordinarily are for from 3 to 6 months to permit flexibility and to avoid long-term trade commitments. Under them, the neutral recognizes the Allied blockade and accepts certain controls on its foreign trade. All its imports must have an American export license or a navicert issued jointly by the British and ourselves and no import may be exported to the enemy. Exports of domestic-produced commodities are controlled also.

Our strongest bargaining weapon is our control over world trade. The neutrals must have certain imports—such as fertilizer, foodstuffs, textiles, raw materials, and chemicals—which can only be obtained from areas under our blockade control. Therefore, as the war has progressed in our favor, efforts to control neutral trade in strategics has met with increasing success.

Another effective blockade technique is the "blacklist" of firms known to have Axis connections and with whom it is illegal for Americans to deal. Through an almost endless series of checks the blacklist is maintained by us in cooperation with the State Department. For example, when it is learned that the Germans are short of certain types of drugs and chemicals, metals, alloys, and critical raw materials, particularly those which can be easily smuggled, we watch the licensing of such materials to neutral countries to see whether the consignees should be added.

As the war progresses, the effectiveness of the blacklist has also increased. Firms on it will eventually be cut off from all foreign trade and consequently are attempting to make their peace with the United Nations in increasing numbers.

A third major blockade weapon is preclusive buying. Where circumstances warrant, the United Nations purchase strategic materials produced in neutral countries to prevent the enemy from getting them. In these operations our knowledge of enemy needs and the potential neutral supply is invaluable. We concentrate our preclusive buying on those commodities which the enemy needs most desperately. Indeed, much of what we buy preclusively can be used by us in our own war effort.

These weapons for waging economic warfare are not mutually exclusive. In the early months of the war we had to rely heavily upon preclusive buying. Since the tide of battle has turned in our favor, however, the less expensive weapons of war-trade agreements and blacklisting have become more effective means of crippling the enemy.

The second economic warfare front on which we operate involves the appraisal of the enemy's war potential. The Army and the Air Forces must have a complete picture of the enemy economies to determine both immediate military strategy and long-term war-production requirements. Will Germany try to hold on to Nikopol at almost any cost to preserve its manganese mines? How will its strength be affected by the loss of Rumanian oil? How will Japanese

successes and failures in the Pacific affect its capacity to build ships or fuel its Navy? For more than 2 years, F. E. A. has been contributing answers to these and countless similar questions through machinery established by the Joint Chiefs of Staff.

The determination of strategic bombing depends largely upon sound economic intelligence and analysis. The F. E. A. does not select targets or make military decisions. But, working with the British Ministry of Economic Warfare and with the United States and the British Military Intelligence, the F. E. A. has been able to supply the military with valuable information as to the vulnerable spots in the enemy economies, and the location of the major enemy war plants and their strategic relation to their industry.

Blockade operations and strategic bombing are closely connected. It would be futile to knock out a particular plant if the enemy could make up the losses from neutral sources. Thus, it is essential that the brilliant work of our air forces be implemented by the strategic use of our blockade weapons.

The job of evaluating the enemy's economies is being done for the Far East as well as for Europe. Our Far East Enemy Division prepares detailed reports on the areas under Japanese control in order to determine Japan's capacity to carry on the war and in order to assist the air forces in the selection of future bombing objectives.

To accomplish the over-all job of economic warfare, the Foreign Economic Administration maintains field offices in London, Algiers, New Delhi, and Chungking which, together with the Intelligence branches of the Army and the Navy and British Economic Warfare representatives, channel all available intelligence information to us.

Until the moment of the armistice, economic-warfare operations will contribute to the success of military operations. The more we know about the enemy's changing economic position the more effective blows we can strike. We are now in a position to exploit knowledge hard-won and techniques carefully developed during the last 2½ years. But future success depends upon continuous operation and every day we must add new intelligence to the facts we already have.

IMPORT PROGRAM

The CHAIRMAN. Mr. Crowley. Have you any further statement to make?

Mr. CROWLEY. If the committee is through with Mr. Stone, we would like to have Mr. Nitze present a brief picture of the import program. I think that this would be helpful to the committee.

Mr. NITZE. The portion of the program I am chiefly concerned with is the exact opposite of Mr. Stone's program. Our program has to do with procuring strategic materials from abroad for the United States. I do not think it is generally realized to what degree we have been dependent upon supplies from abroad in order to take care of our enormously expanded wartime requirements. Our public procurement imports for 1944 will amount to approximately a billion dollars. Granted that in dollars they may not appear large in comparison to the materials domestically acquired for the war effort, the diversity of the materials and the range of sources is enormous.

There are today on the Army and Navy list of strategic and critical materials some 48 items which are not procurable in the United States

at all, or only in negligible amounts, and which have to be procured abroad. Of course, our position was made a great deal worse by the occupation of certain areas of the world by Japan and the removal of most of Europe as a source of supply.

I think the chart here will illustrate to some degree the extent to which producing areas which were formerly available to the United States were cut off by enemy action.

The red portion of these circles indicates the percentage of the United States supply of the material which was formerly secured from those areas. Ninety-eight percent of our cobalt was refined in what is now Axis Europe. Eighty-five percent of our hog bristles came from China. All of our loofa sponges had to be imported from Japan.

Manila fiber was obtained almost entirely from the Philippines. When the Philippines were occupied we immediately had to take steps to procure that from other areas.

Quinine is another material appearing on this chart showing the degree to which our former available sources of supply were cut off when those areas were occupied. Ninety-five percent was imported from the Netherlands East Indies. Seventy-five percent of our tin imports came from Malaya and the Netherlands East Indies.

DEVELOPMENT OF SUBSTITUTES

The CHAIRMAN. To what extent have you been able to develop substitutes for these materials from which we have been cut off?

Mr. NITZE. In certain instances, substitutes have been developed. Take quinine, for instance, which has been one of our most critical items. A drug was developed, atabrine, which takes care of a portion of the former uses of quinine. It is extremely useful in prophylaxis, in keeping the troops from getting malaria in the first instance. It is not fully successful as a cure, however, so the Army and Navy are still exceedingly short of quinine for curing malaria. Our position would have been desperate had atabrine not been developed. I would say with respect to most of the other commodities that we have not been able to develop substitutes. What we have had to do was to develop alternate sources of supply.

MANILA FIBER

Manila fiber, or abaca, for instance, 98 percent of which formerly came from the Philippines, had to be grown in Central America. As a matter of fact, we are not yet getting it in adequate quantities, but we did have a stock pile prior to the time the Philippines were occupied. That enabled us to get over the transition period. In the meantime we have planted through the United Fruit Co. 30,000 acres of abaca in Central America. That is just now coming into production at the very moment when the domestic stockpile is being exhausted. I think that we are going to have a very tight situation for a while, but abaca is coming into full production in Central America and will relieve the situation.

I think that illustrates the type of problem we are up against.

Mr. TABER. Do you really expect any substantial result from that Central American picture?

Mr. NITZE. We expect substantial results.

Mr. TABER. How many pounds?

Mr. NITZE. We expect to get between 10,000 and 20,000 tons. 18,000 tons is what we are shooting for.

WAR IMPORTS OF RAW MATERIALS AND THEIR USES

I might mention some of the strategic and critical items which we are procuring and their uses. Abaca is one which I have already described.

ANTIMONY

Antimony is another which is not produced in adequate quantity domestically. The use of shrapnel has not developed in the way that it was originally anticipated, so our antimony situation has become less tight. In the early days of the war antimony was considered to be one of our most critical needs.

ARSENIC

We had to obtain a substantial supply of arsenic in the event poison gas was used, but so far that has failed to develop. Substantial imports were obtained, but that situation has now eased.

ASBESTOS

There are certain long fiber types of asbestos not procurable in the United States or Canada and which we can get only in Africa. They are essential for electric cables, brake linings, boilers, and other uses. We have to get this kind of asbestos from Africa.

BALSA WOOD

Balsa wood for Mosquito bombers and for life rafts for our naval vessels and merchant marine ships has been hard to get. It grows entirely in the Tropics and must be imported. I think prior to the war the total production was somewhere around 5,000,000 board-feet per annum. The requirements jumped to 35,000,000 feet, and it has been a terrific task to expand that production in tropical countries from 5,000,000 feet to 35,000,000 feet. This has finally been done. The production of balsa wood is now just slightly in excess of the Army and Navy requirements.

BAUXITE

We have substantial domestic supplies of bauxite, but most high-grade bauxite has had to be imported, some of it by the Government. Without these imports our production of aluminum for airplanes would have been severely restricted.

BENZOL

Benzol is needed for the high-octane gasoline program and for the synthetic rubber program, and is also used for plastics and explosives. It happened that the United Kingdom had some excess capacity which we were able to procure.

BERYLLIUM

Beryllium is absolutely essential as a hardening agent for certain types of springs used in our airplane engines. There are a great many other special uses. It is not obtainable in the United States, and we

have had to go to considerable length to get it. There is not much of it in the world and it is extremely hard to find. F. E. A. field engineers have been giving technical aid to dealers and to private producers in South America, South Africa, and India to increase the supply.

BURLAP

Burlap is used for food packaging and for military sand-bag requirements and things of that kind. It cannot be procured in the United States. It has to come from India, and has been a very difficult program because of the political and economic situation in India and because of crop failures. Nevertheless, under a coordinated program we have been able to meet our burlap requirements and keep the price to the United States Government to less than half the price in World War I.

CHROME

We have certain grades of chrome here in the United States which were developed in the early days of the war for chemical chrome requirements, but we have no refractory chrome in the United States and almost no metallurgical chrome in the Western Hemisphere. Metallurgical chrome is essential for special alloy steels, and our chrome supplies have all had to come from Rhodesia, from New Caledonia, from Turkey, and other remote parts of the world.

CINCHONA

Cinchona is the raw material for quinine. As I have said, 95 percent of our source of supply was cut off when Java fell. We have greatly expanded the procurement of cinchona bark in South America, which was the original habitat of cinchona, but where no plantations were developed as they had been in the East Indies. The amount we have procured has been several times the amount thought possible at the start of the war. We have had surveys made of the jungle, found the trees with good quinine content and trained producers in the selection and treatment of bark. A virtually new industry has had to be created.

COLUMBIUM

Columbium which is used in stainless steels and special welding rods we have gotten from Africa.

COPPER

We have, of course, a large production of copper in the United States. Prior to the war we imported no copper except for export. Copper requirements for the war program have been so enormous that we have had to develop practically every source, every economical source, in the rest of the world. We are now importing approximately 660,000 tons of copper per annum, or approximately one-third of our total requirements for new copper. Furthermore, all but about 12 percent of this is at a cost, delivered in the United States, within the domestic ceiling price of 12 cents a pound. During World War I copper cost $2\frac{1}{2}$ times this much.

CORUNDUM

Corundum is used for grinding lenses for optical equipment and for certain types of grinding wheels. It is not available at all in the United States. We have been procuring corundum in South Africa.

It is one of the commodities we have not been able to get in the amount required despite everything we have been able to do. We are now going ahead with a project in Canada for getting some corundum from old deposits there.

CRESOL AND CRESYLIC ACID

Cresols are used in the production of synthetic resins for plastics. We have procured this material in England.

DIAMONDS

Industrial diamonds, of course, are not procurable in the United States. Diamonds needed for war industries have been supplied from African and Brazilian sources.

FEATHERS

We are procuring feathers from China—goose and duck feathers—for flying suits and sleeping bags for the armed forces.

FLUORSPAR

Fluorspar is essential as a flux in steel production. Pre-war imports were fairly small, but because of the enormous expansion in steel output in the United States, fluorspar became extremely short. We have increased the procurement of fluorspar from abroad from some 2,000 tons to, I think, 44,000 tons a year, with a very much larger amount planned for this year.

GRAPHITE

Graphite is used in the manufacture of crucibles which are essential in the manufacture of special copper alloys and steels. We have been able to procure that from Madagascar.

HENNEQUEN

Hennequen is now used for binder twine as a substitute for sisal, which has been restricted to cordage. Jute is also a substitute. We have been using jute as an extender in the manufacture of binder twine because our supplies of hennequen were too short to meet all our binder twine requirements. We have contracted for Mexico's entire exportable surplus of hennequen and have given many kinds of help to production there. In 1943 production amounted to 240,000,000 pounds.

HIDES AND SKINS

The war closed many of our normal sources of hides and skins, necessitating an intensive campaign of procurement in other producing areas.

MAHOGANY

Mahogany has been used for the PT boats, aircraft, landing boats, and so forth. Requirements, all of which had to be met by imports, were increased. The F. E. A. has given technical aid, built sawmills, and arranged for inspection and purchasing. In spite of tremendous military requirements the most pressing needs have been met.

MANGANESE

There is some domestic production of manganese, but it has been expanded to the maximum extent. Still, the greater part of our supplies have to come from abroad from India, South Africa, Brazil, and other countries. Manganese is essential in steel-making. You could not make a pound of steel without it. At the present time the amount we are bringing in is less than the amount being consumed by one-half. We are importing 50,000 tons a month when 100,000 tons a month is being consumed. This is possible now because we did establish stock piles earlier in the war, and we are now able to use those stock piles and save scarce shipping. But, in the next few months we will have to expand our manganese procurement to keep stocks from falling below the danger point.

MICA

Without strategic grades of mica, of course, you could not have any of our radar and radio communication programs, because of its use in condensers. Even before the war most of this kind of mica was imported because domestic production was not adequate. Most of the mica has come from India in the past. The amount available in India, however, has not been adequate for the expanded wartime requirements. Furthermore, we feared that we would not be able to maintain our supply from India because it comes from a province that is close to Calcutta and threatened by the Japanese. I think that the mica program is a good example of the type of thing that we have had to do in order to increase the production of essential materials.

In Brazil, as I recollect it, in the summer of 1942, we were procuring about 100,000 pounds in 6 months of the strategic grade of mica. This was not enough. Due to the fact that mica production in Brazil is scattered among a large number of very small operators—there are no substantial operators—a great deal of the expansion work had to be done by the United States. In general, we have tried to limit our activities to a minimum, relying on private industry, here or abroad, to do the job for us. In mica that could not be done. We sent down equipment. We made loans. We had to do geological work. I was pleased to see a cable that came in the day before yesterday as to our procurement in April. In April alone we got 112,000 pounds of Good Stained and Better mica, which is more than we got in the entire second half of 1942.

MOLYBDENUM

The United States is the largest producer of molybdenum, but we were short a year ago because of heavy wartime requirements. Today we are not short, or rather we were not until the furloughed Army miners were withdrawn from the Climax mine. It now appears that we may again have to obtain more molybdenum abroad.

NICKEL

Nickel is not produced in the United States, but it is produced in large quantities in Canada. Here is an illustration of our policy to rely to a maximum extent on private industry to do the job. International Nickel has done the job as to their own deposits in Canada.

There were, however, some other sources that had to be developed. They are not large in relation to International Nickel's capacity, but they were important to the Navy. There is one deposit in New Caledonia. The nickel there costs us more than International's nickel costs us, but we have gotten that production. We have also gotten production from a smaller deposit in Canada. That production began to fall off because the company could not possibly produce the nickel at our ceiling price, so we finally worked out a rather complicated agreement with them that gave them slightly more money than the ceiling price. It resulted in an increase in their production of several hundred thousand pounds a month, so we consider that the extra cost was worth while.

PYRETHRUM

Pyrethrum is obtained from a plant which is not grown in the United States. It used to be used as an insecticide for agriculture. It is now used entirely by the Army for mosquito control in tropical areas where our medical forces are fighting to avoid the danger of malaria. Before the war pyrethrum came primarily from Japan. Africa is now the chief source, but we have flown some seeds over from Africa and are developing production in this hemisphere.

QUARTZ CRYSTALS

Before the war we imported 67,000 pounds of quartz crystals annually. The requirements of quartz oscillator plates for radio and radar expanded beyond belief when the Army and Navy really got going on their program. The requirements went up from 31,000 pounds to 2,000,000 pounds, and we are doing the job for them and obtaining the quartz. It is not completely done. I think the consumption of the highest quality quartz is now somewhat in excess of what we are able to procure. We did get a head start, though, so we have a sufficient stock pile to make up the difference.

Quartz crystals are very tricky things. You cannot tell from looking at a crystal whether a plate cut from it will produce an oscillator plate that will oscillate. They have imperfections which are invisible to the human eye. The crystal during its growth may suddenly change its pattern of growth and become what is called electrically twinned or optically twinned. This twinning makes the crystal unusable. You may have one lovely looking crystal that you think is valuable but will not produce an oscillator plate. Another that may look like junk will be structurally correct internally, and will work. We have had to develop a laboratory down there in Brazil to analyze these crystals with polariscopes and arc lamps. For a while we were buying crystals according to the usual commercial practice in Brazil and obtaining much material which was not any good. But now that we have this laboratory working down there, I think that our inspections in Brazil are closer than those of the National Bureau of Standards here in Washington.

I have here some quartz crystals. This one happens to be a grade 3 which would probably not produce an oscillator plate usable for radar or radio.

This crystal is a grade 2 crystal which will produce a certain number of plates, but it is not perfect by any means.

This last one is a grade 1 crystal which looks terrible because it has cracks and everything else, but after you have analyzed it under the arc lamp and with the various technical means—they etch it with hydrofluoric acid—you can tell whether it is optically twinned or electrically twinned. You can see when you are buying material of this type that you can get into something very tricky. It is a very difficult business. It has been one of our most difficult programs.

RED SQUILL

Red squill, which is probably the world's best rodenticide, was produced before the war largely in Italy. There is no production in the United States. In the British Isles the rat population has increased enormously and there has also been a danger here domestically. We have had to procure red squill from North Africa to keep the rats down.

ROTENONE

Rotenone is used as a delousing agent and also as an insecticide in agriculture. It is produced from the roots of various plants which do not grow in the United States. We have had to undertake a vigorous plantation program to increase the production of rotenone. It takes about 2 years.

Mr. CROWLEY. Mr. Chairman, I wonder if Mr. Nitze could not not just list the other items—tin, tung oil, tungsten, vanadium, zinc?

Mr. NITZE. Yes; I have a list of the more important ones.

The CHAIRMAN. Yes; and you may elaborate your remarks in the record.

TUNGSTEN

The CHAIRMAN. You might tell us something about tungsten.

Mr. NITZE. The Army and Navy requirements expanded rapidly, and both we and the War Production Board did everything we could to expand the supply. We developed Bolivian and Brazilian production; the foreign price was raised to \$22.60 a short ton unit and domestically a program was launched under which small producers, I think, were paid \$30 a short ton unit.

Tungsten, the major portion of it, went into machine tools and, during the years when we were tooling up, the requirements were enormous. When we had finished the tooling-up process, the requirements dropped considerably so that today we are not short to any extent.

The Metals Reserve Company whose domestic premium price was \$30 for domestic production, reduced the price to \$24, and the War Production Board, after calculating the probable domestic rate of production has directed us to reduce our foreign procurement so as to maintain a rate of production of 1,000,000 pounds a month. What we are shooting for is a 1,000,000 pounds a month, no more and no less, beginning with the first of next year.

Mr. CROWLEY. All of these purchases are made upon recommendation of the War Production Board?

Mr. NITZE. That is correct; 99 percent of the purchases.

Mr. CROWLEY. And the cut-backs are likewise made upon their direction?

Mr. NITZE. They tell us when to cut back and when to expand.

BACKGROUND OF PAUL E. NITZE

Mr. CROWLEY. Will you tell the committee just a little about the history of the personnel, the type of people you have in the Metals Section?

The CHAIRMAN. You might start by giving us a little of your own background, if you will, the maximum salary you have received in commercial life.

Mr. NITZE. The maximum compensation including salary and bonus, that I have received is approximately \$40,000. I used to be in the investment banking firm of Dillon, Reed & Co., and left Dillon Reed & Co. for a period to go in business for myself. I then came down to Washington in 1940, and then returned to New York, and then came back down here at the request of General Osborne and Colonel Draper who were working on the Selective Service Act, before the Act had been passed and the details as to its operation had been worked out.

Then I came down here again at the request of Nelson Rockefeller, and was working with him on the import program at the time when it was his responsibility to look into the functioning and coordination of the import program in Latin America. I then came over to the Board of Economic Warfare when the import work was transferred to the Board of Economic Warfare and then continued with the Office of Economic Warfare.

Mr. CROWLEY. I might say this, Mr. Chairman, that Mr. Nitze was put on this job he now holds by me.

The CHAIRMAN. Evidently it was a very wise selection.

Mr. CROWLEY. He is a very capable person.

PERSONNEL OF FOREIGN PROCUREMENT AND DEVELOPMENT BRANCH

The CHAIRMAN. Now tell us something about the personnel under you.

Mr. NITZE. One of the first requirements we had when setting up this program was to get someone who knows the metals and minerals business and we wanted the best one we could find in the United States. We secured the services of Dr. Alan Bateman, who had been connected with various large mining companies, such as Anaconda, Kennecott, American Metal, and others for some 25 years. He also was professor of economic geology at Yale University. I think his maximum income prior to the time he came with us was in excess of \$60,000 a year. He made a sacrifice to come with us, and I believe Dr. Bateman is more familiar with the mineral resources of the world than anyone in this country, or probably anyone else in the world.

We have as Chief of the Metals Division Mr. Spencer Shannon. Mr. Shannon's home is in Pennsylvania. He was trained as a mining engineer and later became head of his own mining and distributing company. His thorough knowledge of the mining industry has made him of enormous help to us as chief of the Metals Division.

David Sharpstone, who spent some time in Africa with the Rhodesian Selection Trust and later was representative there for Metals Reserve Company is the man who is chief of the Minerals Division.

In our Fibers and Hides Division, Mr. Paisley was one of the outstanding importers of fibers. Mr. Paisley is responsible for burlap,

cordage fibers, twine, and materials of that kind. I think his salary was above \$25,000 before he came to Washington.

Mr. Schwab, who handles hides within that division was one of the most successful people in the hide and leather business. He was vice president of one of the country's largest and most successful firms in hides and skins and was in charge of its import business. His salary was above \$20,000.

Mr. Ben Reese, heads the Special Projects Division which implements the preclusive buying program that is planned by Mr. Stone's group. I believe his salary was in excess of \$25,000 before he came with us.

Mr. Parker is chief of the South Pacific staff.

I am advised I am wrong about Mr. Reese's salary; his salary was \$70,000.

Mr. Parker was in the import business with much experience in the Far East and then for a number of years in the Government. The particular work on fishing projects, lumber projects, vegetable projects and the type of work carried on in collaboration with the Army and Navy close behind the actual fighting zone required someone with broad experience. I think we certainly made a wise step in selecting a man with his experience to head that particular group.

Mr. CROWLEY. That pretty well illustrates the group?

The CHAIRMAN. Yes.

(The information requested is as follows:)

METAL AND MINERAL PROGRAM

Metals and minerals represent the largest major commodity groups in the foreign procurement and development program. There is hardly an implement of war or an important industrial article contributing to the prosecution of the war which does not include some metal or mineral which is obtained partly or entirely from foreign sources. There are only two major minerals, iron and coal, which the United States has been able to supply in adequate volume from domestic sources during this war. Thus, the Government foreign procurement and development program has been essential to maximum importation of such minerals as tin, industrial diamonds, quartz crystals, lead, zinc, antimony, bismuth, and many others.

The war severed our access to some of our most important pre-war sources of minerals, particularly tin and chrome ore, and from time to time has threatened to cut off our largest sources of manganese and high-grade mica. At the same time our requirements for other minerals have been expanded and in some cases multiplied many times. The war imposed barriers to private trade in the way of unusual shipping risks and inflated prices in foreign countries. Private producers could not afford to accept all these risks and finance the tremendous increases in foreign production upon which the industrial war production of the United States depended.

The foreign procurement and development program has made the necessary materials available. The methods used have included contractual help to importers and producers, capital advances to new properties or for expansion of existing mines, geological exploration, metallurgical and ore dressing improvements in the field, engineering and other help to producers, assumption of increased shipping costs on special risks arising out of the war, aid in obtaining mining equipment and supplies, the conclusion of agreements with foreign governments.

In spite of the variety of help provided, the greater part of the minerals publicly procured have been bought at commercial prices, without loss.

The metals and minerals program has required development or procurement in the Caribbean, Mexico, Central America, all but two of the countries of South America, several parts of Africa, India, China, Australia, and the South Pacific.

Increased demands of war production and manpower shortages in the United States have made it possible to curtail only a few mineral programs this year. In terms of both value and tonnage these reductions are more than outweighed by

increased requirements of others. The estimated purchases of metals and minerals in the fiscal year 1945 are greater than at any time since the inception of the foreign procurement and development program.

Chrome.—Sharply increased United States consumption over pre-war levels has been possible only because of equally sharp increases in imports of the three grades of chromite—refractory, metallurgical, and chemical. Domestic production, primarily of the chemical grade, is small.

War operations cut us off from the Philippines and Greece which together accounted for 25 percent of pre-war imports and shipping shortages made movement of chromite from southern Rhodesia and the Union of South Africa difficult. Ease of shipping makes Cuba a valuable source of refractory chrome.

A new source for the United States has been opened up in Sierra Leone where we have developed and maintained production. The Foreign Economic Administration has also directed preclusive chrome-buying operations in Turkey.

Copper.—Domestic copper mines fell short of meeting our war demands by a wide margin. The gap must be filled from foreign sources if our production of ammunition, valves, ship propellers, electric apparatus, and other products using large amounts of copper is not to suffer. Most of the gap can be filled from American-controlled commercial sources in this hemisphere, but beyond this production it has been necessary in many cases to stimulate new production through advances against future deliveries, engineering help, aid in procuring necessary mining equipment and supplies, etc.

Fluorspar.—Fluorspar is required as a flux in open hearth, electric, and Bessemer steel furnaces.

Imports, which were fairly small in pre-war years, have jumped substantially in the last 2 years. Almost half of our imports now come from Mexico where production has been stimulated by offering an assured market. Also, Foreign Economic Administration field engineers have aided in the development of fluorspar deposits in Mexico and have helped operators solve their production problems.

Lead.—About one quarter of the lead supply comes from foreign sources (Mexico, Peru, Australia, Newfoundland, Canada, etc.). There are labor shortage problems at the domestic mines, and it is necessary to maintain imports at a high level.

Manganese ore.—Need for manganese is coupled with need for steel. A minimum of about 13 pounds of manganese goes into every ton of steel produced with larger quantities required for special types of steel.

In spite of the fact that domestic production of manganese ore of metallurgical grade has more than quadrupled since 1940, imports now account for around five-sixths of the total supply. Before the war the most important sources of imports were the Union of Soviet Socialist Republics and the African Gold Coast. However, wartime shipping shortages and actual or potential enemy threats to producing territory have necessitated increases in Western Hemisphere production. Exploratory work has been sponsored in many Western Hemisphere areas. The Foreign Economic Administration has supplied equipment and eased internal transportation problems in Cuba and Brazil. Substantial stock piles have been accumulated in Chile and Cuba, and it is expected that a considerable part of these may be used this year because of shipping shortages which will curtail shipments from more distant sources.

Mica.—Strategic grades of mica are indispensable to the manufacture of radios, radar equipment, magnetos, and spark plugs. For such strategic grades, the United States depends on imports from India, Brazil, Argentina, Madagascar, and other foreign sources for over 90 percent of our supply. A sharp increase in military requirements, particularly of the higher grades, has recently been indicated. Stocks of several of these better grades are extremely low. Mica is in such short supply that certain grades are flown into the country from India and Brazil.

In Brazil the flow of strategic grades, but not the over-all poundage purchased, has sharply increased. In the latter part of 1942, only 16 percent of our purchases in Brazil were of the grades known as Good, Stained, or Better; now the proportion is 36 percent. This is being accomplished through stimulation of production in selected mines by means of development or incentive contracts and by making mechanical equipment available as well as technical aid and advice in its use.

In India purchases and developmental activities are carried on by a joint British-American Mica Mission on which the Foreign Economic Administration has equal representation with the British. Aid is given to producers in obtaining equipment and the mission has provided an incentive bonus and has obtained for

it an exemption from the Indian excess-profits tax. New sources of production have been developed in Peru and Mexico, and assistance is being given to production in Madagascar.

Nickel.—Nickel is essential in making certain tough alloy steels for war and other essential purposes. There is virtually no domestic production of nickel from native ores. It has been necessary in view of the shortage of nickel for the Foreign Economic Administration and its predecessors to supplement private importation from Canada by public purchase in Canada and New Caledonia. On occasion, labor shortages and other difficulties in Canada have cut down private importations and forced cuts in allocations in this country. Through aid offered by the Foreign Economic Administration, certain necessary Canadian operations have been kept in production. With the Foreign Economic Administration help in solving equipment, labor and coal problems, New Caledonian production has been increased.

Optical calcite.—In January 1944 the Foreign Economic Administration was informed of the urgent need for optical calcite to be used in a newly developed weapon. Half or more of our new supply is coming from Mexico, south and southwest Africa, and Colombia. Additional possibilities are being developed in Brazil, Argentina, Cuba, and India.

Platinum.—Foreign Economic Administration platinum purchasing in Colombia not only benefits our supply position but is closely tied in with contraband controls set up to cut down smuggling of platinum to the Axis Powers.

Platinum's principal war uses are chemical, for example, as a catalyst in the manufacture of nitric and sulphuric acid and electrical, in radio and radar devices.

Quartz crystals.—The war created an extraordinary demand for radio-quality quartz crystals, of which there are only small deposits and negligible output in the United States.

Virtually all of our radio quartz comes from Brazil. Imports of strategic grades from Brazil have been increased since 1940 by many hundred per cent, and production schedules of radio oscillators, telephone resonators and other piezoelectric devices for essential military radios and radar have at no time been hampered by lack of raw material. This has required a large organization of field engineers, inspectors and purchasing officials acting for the Foreign Economic Administration, as well as the complete cooperation of the Brazilian Government. A laboratory inspection service has been set up in Brazil and is necessary since visual inspection of quartz is not feasible. The Foreign Economic Administration and its predecessor agencies have been instrumental in obtaining shipment of mining machinery to Brazil to be leased or sold to quartz mines to speed production.

The Foreign Economic Administration is also investigating likely quartz prospects in other foreign countries.

Tantalite.—Tantalite is required for radar equipment and synthetic rubber manufacture and for other important war needs. About 99½ percent of the new supply of tantalite comes from overseas, with Brazil accounting for two-thirds of the total and the Belgian Congo being next in importance. In Brazil, for example, the Foreign Economic Administration program includes exploratory work, inspection work, technical advice under which imports from Brazil have much more than doubled in the last 2 years. Foreign Economic Administration field engineers have also surveyed high-grade tantalite deposits in the Belgian Congo, Nigeria, and Australia and have provided technical direction in their exploitation.

Tin.—After the loss of the East Indies tin-producing areas, the most important source of tin ore for the United States was Bolivia. In addition to rendering technical aid to small miners, the Foreign Economic Administration mission in Bolivia has undertaken to improve the metallurgical treatment of Bolivian tin ores. As a consequence, recovery from tin ores has been improved, notably through the installation of a new type of concentrating plant.

Particular problems are raised by political difficulties in Bolivia. Belgian Congo production, consequently, is being expended. Deliveries from these two sources provide three-quarters of our new supply. The United States is wholly dependent on foreign sources for its tin supply.

Tungsten.—Tungsten is typically used most extensively in the tooling-up period of the war production program, because of its widespread use in machine tools. Other uses are in armor-piercing projectiles, dies, tools, carbides, etc.

Owing to mounting imports brought in by the Foreign Economic Administration and rising domestic production, tungsten has moved into a fairly easy supply position. Uncertainties surrounding deliveries from China and Bolivia, the two main foreign sources, make it advisable to maintain some output in other foreign

producing areas, but steps are being taken to limit that production through price reductions.

Mining equipment and supplies.—Keeping foreign mines at maximum production rates requires a constant flow of supplies and spare parts, most of which must now come from the United States. One of the most effective aids to foreign producers of strategic metals and minerals has been the active assistance of the Foreign Economic Administration in obtaining the necessary priorities, export licenses, and shipping space to fill many foreign producers' needs for equipment and operating supplies. As a consequence, no important break-downs or production delays have hampered either public or private imports of strategic minerals.

Zinc.—Very little foreign zinc was used in this country before the war, but now zinc from eight foreign countries helps us to meet wartime demand for zinc in brass (mainly for ammunition), other alloys with copper, die castings, electric batteries, galvanizing, rubber compounding, etc.

Production of zinc from domestic sources is gradually declining and is now equivalent to only about 70 percent of domestic wartime consumption. Purchases of foreign zinc (98 percent of it at domestic ceiling price or lower) have made up the deficiency. Because of the trend in domestic output and the manpower situation in this country, the War Production Board and the Foreign Economic Administration still consider it wise to bring in maximum production from foreign sources such as Mexico, Canada, and Australia.

GENERAL COMMODITIES PROGRAM

A wide variety of critical and strategic commodities in short supply in the United States, other than metals, minerals, textiles, fibers, hides, and foodstuffs, are procured under the general-commodities program. This program includes balsa wood, mahogany, such drugs and chemicals as cinchona bark, pyrethrum, rotenone, red squill, ipecac, shellac, Chilean nitrate, British tar acids, benzol, etc., and other products such as bones, bristles, cattle tail hair, horse hair, feathers and loofa sponges. Increased wartime needs together with the loss of major sources of supply of many of these commodities—the Netherlands East Indies, Malaya, China, the Philippines, Japan—have necessitated the discovery and development of new areas of production and the rapid expansion of established sources of procurement.

Mahogany.—With the advent of the war, demand for mahogany increased enormously. Large supplies were required by the Army and Navy for the construction of naval and military aircraft, PT boats, aircraft rescue boats, landing barges and industrial patterns. An intensive development and procurement program in tropical countries, drawing on combined Government and industry resources, has made it possible to maintain supplies adequate for the greatly expanded needs. Procurement by American importers has been assisted to increase imports of the grades most needed. These private imports are supplemented by direct Government purchases. The cooperation of foreign governments has been obtained in order to open up new areas for mahogany cutting. In addition, the Foreign Economic Administration has planned and built sawmills and has assured delivery of logging, sawmill, and transportation equipment, fuel, and even of food.

Cinchona.—Hundreds of thousands of American soldiers, sailors, and marines are fighting in the malaria-infested areas of the world. In one area the casualties among units engaged have ranged from two and one-half to five times as many from malaria as from all other factors combined, including enemy action. To fight this disease, quinine and other derivatives of the bark of the cinchona tree are necessary. Yet, shortly after Pearl Harbor, the Japanese occupied the regions from which 95 percent of our supply of cinchona had been obtained.

To develop and maintain new sources of this material, new techniques were developed and put into use. Whereas the Dutch stripped the cinchona bark from trees cultivated in orderly rows on plantations, we are now procuring wild bark from cinchona trees sparsely scattered throughout the tropical jungles of some of the most rugged and inaccessible parts of Latin America. Under these conditions, the location and cutting of the trees and the stripping, drying, and transporting of the bark from the jungles to centers of commerce has been an extremely difficult task.

Cinchona exploitation has been dormant for over 60 years in Latin America. Since there was no organization either here or in Latin America which could be utilized, personnel had has to be recruited and trained—botanists and foresters

to survey undeveloped areas and locate cinchona: chemists to analyze the bark: a business organization to take over buying. Most of this work has had to be done in areas where transportation facilities did not even exist.

In some instances, in order to be able to go in and strip these areas of their wild bark, it has been necessary to agree with foreign governments to replace the cinchona trees destroyed. A nursery and plantation program is being developed to fulfill these obligations to producing countries.

Laboratories are being installed locally to determine the alkaloid content of bark upon which payment is made. Experimental work is also being carried on to improve the methods used in analyzing cinchona bark; to prevent alkaloidal losses resulting from fermentation; and to conduct researches into the many chemical problems relating to the cinchona program. Despite the difficulties encountered, our purchases and deliveries of cinchona from Latin America have increased many times.

Balsa wood.—Balsa, one of the world's lightest woods, is essential for the construction of floats, life rafts, and the British Mosquito bomber. It had only limited uses before the war, and the wartime demand both here and in the United Kingdom soon created wild speculation in the foreign markets. To check this, a plan was put into operation whereby the United States took over control of procurement for the United Nations.

Balsa requirements, which by 1943 had jumped to six times the pre-war figure, necessitated the rapid development of logging in all countries where balsa grows. Surveys of undeveloped areas in Central and South America have resulted in the opening up of new sources and, through the location and export of sawmills, drying kilns, and miscellaneous maintenance and operating supplies, production has been increased and the balsa requirements of the United Nations have been met.

Pyrethrum.—Pyrethrum, one of the most effective insecticides for malaria and typhus control is essential in maintaining the health of our troops in the tropics. Before the war, large quantities came from Japan and southern European countries. Other sources are British East Africa, the Belgian Congo, and Brazil. The estimated supply is far below combined military requirements, not considering civilian and agricultural needs. Arrangements have been made to secure a fair share of the East African supply, and a planting program is being developed in Central America.

Rotenone.—Before the war, 60 percent of our supplies of rotenone, the most important natural agricultural insecticide, came from Malaya. Cultivation and collection of rotenone-bearing plants is being encouraged in Brazil and Peru and an extensive program is under way in Central American countries.

Red squill.—Red squill, a valuable rodenticide growing mainly in North Africa, is essential to prevent the destruction of large quantities of foodstuffs stored for military use. Its use in controlling the spread of epidemic diseases, such as bubonic plague and typhus, carried by rats, will increase as additional territories are reoccupied. Tremendously increased requirements in 1945 will necessitate a greatly expanded procurement program in North Africa and cultivation is being introduced in Mexico.

Nitrates.—Chilean nitrate ever since World War I has been imported exclusively for agricultural fertilizer. During this war, imports under Government procurement have amounted to several hundred thousand tons a year. Synthetic plants in this country have been developed to a point which enables them to supply not only our requirements for explosives and industrial chemicals but also part of our agricultural requirements. As a result, some reduction in purchases from Chile will probably be possible.

Acetylene black.—Large military demands for dry-cell batteries have increased requirements for acetylene black, needed in the manufacture of high-grade cell batteries. In order to relieve the shortage of batteries for essential civilian needs caused by the scarcity of acetylene black, arrangements have been made to increase available facilities in Canada. There is no domestic production of this commodity.

Cresols.—A program has been undertaken to obtain ortho, meta, and para cresols, together with various other tar acids for the production of plastics. These products did not have to be imported before the war, but wartime requirements exceed our domestic production. Surpluses available in England are being procured.

Bones.—Large quantities of bones in Mexico, needed for the manufacture of glue of which there is an acute shortage, could not be procured because of heavy export taxes. Negotiations were entered into with the Mexican Government resulting in a reduction of the tax and the movement of this commodity into the United States.

Bristles.—Bristles are indispensable in the manufacture of paint brushes. Paint brushes are essential for painting ships and armaments of all kinds. China is, and for many years has been, the world's principal source of supply, furnishing about 85 percent of the total. Less than 20 percent of China's production is now available as a result of enemy occupation. The unoccupied areas are accessible only over crude interior communications which connect with the outside world by air routes crossing the Hira layas from China to northern India. In addition, sources are being developed in Western Hemisphere countries. Training of producers and supervision and examination of imports are essential in establishing and maintaining quality standards.

Hair.—The procurement of cattle tail hair and horse hair has been hampered by the cutting off of supplies from China, a principal source of pre-war supply. Horse-tail hair is needed as a substitute for hog bristles in the manufacture of paint brushes for the armed services. Cattle-tail hair finds wide use in the manufacture of curled hair for navy mattresses, parachute pads, navy packs, etc. In Latin America, a large source of this animal hair, an inspection program has been necessary in order to obtain suitable qualities and grades.

Feathers.—Domestic supply of duck and goose feathers, used in the manufacture of aviation sleeping bags, flying suits, etc., is inadequate to meet military demands. Supplies are available in China, but the main source of supply is in enemy hands, and the difficulties attendant upon bristle procurement and transport from China, apply with equal force to feathers. Even more difficult problems are involved in their collection. Expert supervision is essential in collecting, inspecting and preparing feathers for shipment.

Loofa sponges.—Before the war, almost the entire supply of loofa sponges came from Japan. These spongelike plants, when dried and processed, are used as filters in marine engines and are of great importance to the Navy and the Maritime Commission. The problem has not been one of producing large quantities of loofa sponges, but rather of obtaining those qualities acceptable for use in the engines. The great shortage has been alleviated as a result of an active planting program in the Caribbean area. It was also necessary to instruct producers in proper seed planting, cultivating, and in harvesting and processing the plants.

These programs involve a great deal of technical and administrative supervision and management. In the field of drugs and chemicals, for instance, large development activities have centered in Central and South America, where climatic and soil conditions are similar to those of other portions of the world from which the critical crops were formerly obtained. The program has necessitated the employment of a large staff of botanists, foresters, plant physiologists, and agronomists to supervise the planting, growing, harvesting, and shipping of the crops. Technicians, able to handle all the arrangements for the purchase and shipment of needed equipment and supplies have also had to be provided.

An increasing volume of imports is anticipated during the coming period. This will result from improved shipping conditions, from the cumulative effect of earlier development work, as well as from the addition of entirely new commodities to our import program.

FIBER AND HIDE PROGRAM

The United States must import fibers for rope; binder twine for grain crops; and burlap for the bagging of our food crops, for sandbags, and for camouflage cloth. We must obtain hides for shoes and for leather of all types for the armed forces. We also need many other important items, such as rove for electrical insulation, scrim for the production of food containers, brattice cloth for the use of mines.

When the Philippines fell, we lost our only source of abaca, or manila fiber, from which all marine cordage was made. When Java fell we were cut off from our major source of high-grade sisal, used in the manufacture of binder twine. And when India was threatened, our only source of jute and burlap was in jeopardy. Immediate steps had to be taken to institute a conservation program, to develop new sources of supply and increase production in areas still accessible to us. In addition, it was necessary to institute experimental programs for the development of substitute fibers.

Manila fiber.—Uses of the small supply of manila fiber on hand at the outbreak of the war were drastically restricted, and steps were taken to develop new sources in Central America. An experimental farm of 2,000 acres in Panama provided seeds for planting 30,000 acres in Costa Rica, Guatemala, Honduras, and Panama. It is anticipated that some 20,000 tons annually will be available by the time our present stock is exhausted—enough to take care of the Navy's

most essential requirements of cordage. However, the over-all need continues to exceed supply and efforts to increase production of both manila fiber and its substitutes must be maintained.

Sisal.—Formerly sisal was used for binder twine and heavy twine for industry. Because of the shortage of manila fiber, its use is now restricted to cordage as a substitute for manila fiber.

Steps have been taken to increase production in British East Africa, and about 30,000 acres of new plantations have been developed in Haiti.

Henequen and jute.—Henequen and jute were substituted for sisal in binder twine. We have contracted for Mexico's entire exportable surplus of henequen and have made possible the export of the equipment and spare parts required by its plantations and rope factories. In order not to draw too heavily on Indian jute, which is needed for burlap, production of jute has been developed in the Belgian Congo where it has more than doubled. India is not only the major producer of jute, but it also has the only machinery for the manufacture of jute into burlap. Production of both jute and burlap has been maintained in the face of difficult internal conditions in India—famine, shortage of coal for the jute mills and railroads, inflation, and diversion of labor and land to food cultivation.

Experimental programs have been undertaken in a number of Latin-American countries for the production of hemp, flax, fique fiber, roselle fiber, and pita fiber in order to obtain possible substitutes for manila fiber, sisal, and jute.

Negotiations are now under way in connection with the procurement of hemp fiber and the planting of a new crop in Italy. There are also a large number of jute and hemp manufacturing plants in Italy and if these are recovered from the enemy in usable condition, they must be brought into production promptly. Hungary, Rumania, and other Balkan countries are important sources of flax and hemp, and they have some manufacturing capacity for these products. The F. E. A. must be prepared to take steps for the conservation and procurement of such fibers and fiber products as may be available in these countries. And, finally, as soon as the Philippines are recovered, the F. E. A. must be prepared to take the necessary steps to get production of abaca, the best of the hard fibers, under way.

Goatskins and hides.—Goatskins and hides remain in short supply and the tempo of procurement must be fully maintained.

There has been established by F. E. A. a Joint Hide Control Office composed of an equal number of representatives of the United States and the United Kingdom. All offers of foreign hides are screened through this office, allocations being made by the Combined Raw Materials Board to the United States and the United Kingdom. The United States handles the purchases for Canada.

It is expected that these hide purchases will be about \$60,000,000 per year. In addition, we are also receiving hides from the British Ministry of Supply under reverse lend-lease. It is necessary to provide for the sale of such hides to the tanners in this country through regular trade channels.

Our purchases of goatskins amount to about \$25,000,000 annually. Here again, it is necessary to work most closely with the British; to maintain a strict control over prices paid in foreign markets and to take steps from time to time to protect the interest of American trade.

Leather.—We are purchasing approximately \$10,000,000 worth of leather from the Argentine and approximately \$1,000,000 worth from Brazil. Most of this leather on arrival is sold to the Army.

FUNCTIONS AND ORGANIZATIONAL HISTORY OF FOREIGN ECONOMIC ADMINISTRATION

Mr. Crowley, the various powers and functions which have been delegated to you under the Executive order are the functions which had previously existed under the other governmental agencies?

Mr. CROWLEY. That is correct.

The CHAIRMAN. You might give us at this time, or you might supply it for the record, a list of the functions of all these agencies which you exercise and the agencies under which they were formerly exercised.

Mr. CROWLEY. Yes.

(Information requested follows:)

ORGANIZATIONAL HISTORY

The Foreign Economic Administration was established by Executive Order No. 9380 on September 25, 1943. The Administration is a consolidation of the several war agencies which were engaged in foreign economic activities. These constituent agencies were (1) the Office of Lend-Lease Administration, (2) the Office of Foreign Relief and Rehabilitation Operations, (3) the Office of Economic Warfare, including the United States Commercial Company, Rubber Development Corporation, Petroleum Reserves Corporation, and the Export-Import Bank of Washington, all of which had previously been transferred to Office of Economic Warfare, and (4) that part of the Office of Foreign Economic Coordination of the Department of State which dealt with foreign economic operations. In addition, on October 6, 1943, the functions of the War Food Administration and the Commodity Credit Corporation with respect to the procurement and development of foodstuffs abroad were transferred to the Foreign Economic Administration by Executive Order No. 9385.

The functions of the Foreign Economic Administration may be briefly described as follows:

(1) The administration of the Lend-Lease Act, which includes arranging for the procurement, purchase, and transmission of supplies, services, and information to countries eligible for lend-lease aid and arranging for the receipt by the United States of reverse lend-lease aid from these countries.

(2) The procurement and development of vital materials abroad. This involves the location of strategic commodities needed in the war effort, development operations to increase their production, and arranging for storage and transport.

(3) Control, for war purposes, through export licensing and other similar methods of the exports of all commodities from the United States.

(4) Assembly and analysis of information relating to the enemy war economy and to economic conditions within neutral countries for purposes of economic warfare, such as blacklists, blockade measures, and preclusive buying, and to assist the military in strategic bombing and planning.

(5) The preclusive purchasing abroad of commodities which are of importance to the enemy for military or civilian needs and which might otherwise fall in their hands.

(6) The provision of aid with reference to relief operations in liberated areas.

A brief historical statement of the constituent agencies comprising the Foreign Economic Administration is given below:

I. OFFICE OF ECONOMIC WARFARE

(a) *Office of the Administrator of Export Control*.—1. The President was authorized to control all exports by the act of July 2, 1940. This function was first administered by the Office of the Administrator of Export Control.

(b) *Economic Defense Board*.—1. On July 30, 1941 the Economic Defense Board was established by Executive Order No. 8839. The Board was made responsible for coordinating the activities and programs of agencies engaged in international economic activities, such as those relating to exports, imports, the acquisition and disposition of materials and commodities from foreign countries and economic warfare, including preclusive buying, transactions in foreign exchange and foreign-owned or foreign-controlled property, international investments and extensions of credit, shipping and transportation, the international aspects of patents, and international communications pertaining to commerce.

(c) *Merger of Office of Export Control with Economic Defense Board*.—1. On September 15, 1941, Executive Order 8900 transferred the Office of the Administrator of Export Control to the Economic Defense Board.

(d) *Economic Defense Board Becomes Board of Economic Warfare*.—1. After Pearl Harbor the name of the Economic Defense Board was changed to the Board of Economic Warfare.

(e) *Establishment of the Office of Imports*.—1. On April 13, 1942, Executive Order 9128 placed the Board of Economic Warfare in charge of the over-all direction of the foreign procurement and development of strategic and critical materials—a function previously distributed among several agencies. To carry out these operations, an Office of Imports was set up within the Board. The financing, however, remained with the Reconstruction Finance Corporation and the Commodity Credit Corporation.

2. A clarification and interpretation of Executive Order 9128 was issued by the President on May 20, 1942, which defined the relationship between the Department of State and the Board of Economic Warfare in the field of foreign economic activities.

(f) *Office of Economic Warfare*.—1. On July 15, 1943, the Office of Economic Warfare was established by Executive Order 9361. To it was transferred all of the functions of the Board of Economic Warfare as well as those of the United States Commercial Company, the Rubber Development Corporation, the Petroleum Reserves Corporation and the Export-Import Bank of Washington, together with the functions of the Reconstruction Finance Corporation with respect to them, and the foreign activities of the latter's subsidiaries.

II. OFFICE OF LEND-LEASE ADMINISTRATION

(a) *Pre-Lend-Lease*.—1. Shortly after the outbreak of the war in Europe, there was created what was known as the President's Liaison Committee to coordinate the purchases of war materials by foreign governments with those of the United States.

(b) *Division of Defense Aid Reports*.—1. The Lend-Lease Act became law on March 11, 1941. It provided for the transfer of "defense articles" to the government of any country whose defense the President deems vital to the defense of the United States. On May 2 the Division of Defense Aid Reports was established to clear lend-lease requests and report upon lend-lease transactions.

(c) *Appointment of the Administrator*.—1. On August 28, 1941, announcement was made of the appointment of Edward R. Stettinius, Jr., as Special Assistant to the President to assume general supervision and control over the lend-lease program.

(d) *Office of Lend-Lease Administration*.—1. The Office of Lend-Lease Administration was established by Executive Order 8926 on October 28, 1941. To it were delegated most of the powers conferred upon the President in the Lend-Lease Act.

III. OFFICE OF FOREIGN ECONOMIC COORDINATION

On June 24, 1943, there was established in the Department of State by Departmental Order No. 1166 an Office of Foreign Economic Coordination to "have responsibility, so far as the Department is concerned, for the coordination of (1) activities related to economic affairs in liberated areas and the facilitation of military-civilian cooperation in regard thereto; and of (2) the foreign policy aspects of wartime economic controls and operations."

IV. OFFICE OF FOREIGN RELIEF AND REHABILITATION OPERATIONS

The Office of Foreign Relief and Rehabilitation Operations was set up within the Department of State on December 4, 1942, to organize American resources for the relief of liberated areas and to assist in preparing for the establishment of a United Nations relief organization.

Mr. TABER. I have one or two general questions, Mr. Crowley. Have these various agencies that were consolidated into the F. E. A. ceased to have any functions, or have they just ceased to have functions relating to foreign operations?

Mr. CROWLEY. No. There are some functions remaining in the Metals Reserve Corporation, for example; we took over only the foreign functions.

Mr. COX. Yes.

Mr. CROWLEY. I think perhaps Mr. Cox can explain that better to you.

Mr. COX. There is a summary listed on page 6 of Mr. Crowley's statement.

We took over all the functions of the Lend-Lease Administration and the Board of Economic Warfare; the foreign procurement functions of the Commodity Credit Corporation; the foreign procurement functions which were formerly scattered throughout a number of R. F. C. corporations.

We also took over all of the functions of the Export-Import Bank; the foreign economic functions of the Defense Plants Corporation and the Defense Supplies Corporation; all of the functions of the U. S. Commercial Company, the Rubber Development Corporation and the Petroleum Reserves Corporation; the foreign procurement functions of Metals Reserve Company; all of the functions of Cargoes, Inc.; and the Office of Foreign Relief and Rehabilitation Operations and the operational as distinguished from the policy-making functions of the Office of Foreign Economic Coordination of the State Department.

Mr. CROWLEY. What this has accomplished, Mr. Chairman, has been to place in one organization all foreign economic operations of the United States.

Mr. TABER. The funds that you use come from what source?

Mr. CROWLEY. The funds we use for foreign procurement activities come from the U. S. Commercial Company, and the U. S. Commercial Company in turn has obtained its funds from the Reconstruction Finance Corporation. Mr. Taber, we bring the materials as far as the border. After that, they are put into one stock pile, together with all materials domestically produced in the United States. As a result, there is only one stock pile within this country out of which allocations are made for all wartime needs.

BACKGROUND, TRAINING AND SALARIES OF CERTAIN PERSONNEL

(See p. 431)

Mr. TABER. I have this question that I want to ask sometime and I might as well ask it at this time, with reference to your personnel.

I have here a list of people in the Foreign Economic Administration who are drawing rather substantial salaries and whose experience and background does not seem to qualify them in the slightest degree for their jobs with the Foreign Economic Administration. I should appreciate it if you would give us for the record as to each of them the reason why they are qualified and why they are qualified for the salaries they are receiving.

Some of these people are from such organizations as the National Resources Planning Board, the W. P. A., and other kindred institutions, and frankly I have left out a good many who should be on the list. Some of these people seem to have a capacity for certain work but nothing that might fit them for the job they are holding. Some of them seem to have records which would make them a liability; some of them seem to be receiving salaries that are away out of line with what they might be entitled to.

I am not going to read the list; I am going to turn it over to you and ask you to give us an answer for the record.

The CHAIRMAN. May I ask, does this list show what each one does or merely give the name?

Mr. TABER. It gives the name.

The CHAIRMAN. I think it would be of interest to know what they do.

Mr. TABER. I would expect the answer to cover that.

The CHAIRMAN. Suppose you supplement that list, Mr. Crowley, with the names of the principal personnel for the activities similar to that given by Mr. Nitze, with their background, their educational

training and previous commercial experience and the maximum salaries received by them in commercial life.

Mr. CROWLEY. We shall see if Mr. Taber's list is representative.

Mr. TABER. There are two or three questions I would like to ask.

Mr. CROWLEY. Before you do that, Mr. Taber, I would like to point out that with any new organization built up in time of war, especially where it is built from several existing organizations, the only practical thing to do is to take the people who are there and try to work them into the new organization.

My philosophy in dealing with and associating with employees is no different in public affairs than it is in private affairs. I do not think we judge the value of an employee on the basis of the popularity of the employer for whom he previously worked. It seems to me that the only realistic basis of judgment is whether the individual employee is competent and loyal. The organization from which he comes should not reflect on his right to earn a living.

The CHAIRMAN. As I recall, there were men in the Army of the Potomac who served under McClellan and McDowell and Hooker who ran like rabbits, but under Grant fought like hell.

Mr. CROWLEY. I do not think any organization can be 100-percent efficient, but I do want to say that the personnel of Foreign Economic Administration as a whole has been very loyal to the job we are trying to do.

My job has been to work together with the other agencies of the Government so that we all can do the best job we possibly can for the war effort. During the period of consolidation there has been no delay, there has been no set-back in getting the materials that we must have to fight this war. Likewise, the vital flow of lend-lease has not only been continued without interruption, but has in fact been accelerated. Mr. Stone and his men in Economic Warfare have done an excellent job. All of this has been done with fewer employees than were used by the constituent agencies. Because of new over-all responsibilities resulting from the consolidation and a shift in some activities this year, it has been necessary to recruit a few new specially qualified persons. So, I can tell you from actual experience how hard it is today to go out and find qualified personnel under the condition of extreme shortage of manpower there is today.

And as far as the salary range is concerned, we have not, since the consolidation, increased classifications to any particular degree. Of course, we have not decreased classifications. It is far better to let a man go than to decrease his classification, because psychologically the man will feel he is going backward and an employee who feels that way will be dissatisfied, undoubtedly will be disappointed, and it is better to let him go.

There have been very marked improvements. The vast majority of the people under me have been very loyal. I think now we have a united organization and if we can bring in specially qualified personnel I think we will have an organization that will function very well.

We have working for us more than 1,000 less people than were authorized to work for the constituent agencies that were consolidated into Foreign Economic Administration. We have working for us 125 less persons than have actually been transferred from those agencies. Despite this, the F. E. A. has more functions and greater responsibilities in the field of foreign economic activities than did all of the constituent agencies together.

Take, for example, the new problem of disposal of surplus property. We have to bring in additional men to deal with this problem. There are all types of men who are willing to come into the foreign economic field; there are men who want to come in because they want to do a job for their country, including those whom you might call economists. In addition, there are businessmen who want to acquaint themselves with the materials field, and who have valuable training and experience to offer and you find some high-caliber men among that group, too. But there are others who are willing to come in because they have an interest in getting on the inside of the surplus property situation and what it may be in the future.

So, we have an extremely difficult problem of screening possible recruits to make sure we get the type of personnel we want.

Mr. Chairman, we have worked day and night on this kind of problem. Our personnel man, over the last 6 or 8 months, has worked hard trying to find the right personnel and bring them in. You just cannot have any idea how hard it is. A lot of people seem to feel that the war is about over and they are interested in getting themselves established in private business again and getting themselves adjusted to the situation after the war.

I will be glad to answer Mr. Taber's question.

(The data requested by Mr. Taber appears on p. 431.)

The CHAIRMAN. With respect to surplus property, we have been informed that there are men swarming around these surplus supplies like bees around a honeycomb, and no doubt some of them are trying to get a line on something they will be able to buy or to take some financial advantage of just as soon as the processing and distribution gets into operation, so you have had to protect yourself against that situation too.

Mr. CROWLEY. Yes. And may I add this; when I took over and set up the Alien Property Custodian Office you have no idea the number of people that tried to get in some way so that they could be in a position to buy something later on.

The CHAIRMAN. The idea being that they wanted to get what you call the inside.

Mr. CROWLEY. That is right.

The CHAIRMAN. In brief, Mr. Crowley, you have made every endeavor to secure only loyal, able, trained and experienced personnel at as reasonable salaries as practicable?

Mr. CROWLEY. That is correct. And, there is another point I would like to make, Mr. Chairman, that is extremely important to the war effort. I hope that this committee, in its treatment of us, will keep this in mind. This is a new organization, a new agency, and the first one of its kind in the history of the United States. We are dealing with many foreign countries. Some of them have older foreign economic set-ups. Some of them have men who have perhaps been longer in the foreign economic field, with more experience.

We are constantly training our own people for this work. We want to, and are trying to do the best we can for our own country. We are dealing with people who will properly do the best they can for their countries. We want to be able to deal with them on an equal basis.

The CHAIRMAN. And of course they check carefully over the hearings before the national bodies.

Mr. CROWLEY. Yes, they do; they do not overlook anything.

FUNDS MADE AVAILABLE OTHER THAN APPROPRIATIONS

Mr. WIGGLESWORTH. Could we have for the record a statement showing the funds that have been made available by sources?

The CHAIRMAN. Yes; I am coming to that too.

Mr. WIGGLESWORTH. Other than appropriations.

Mr. CROWLEY. Surely.

(Information requested follows:)

Funds made available to the Foreign Economic Administration other than appropriations Sept. 25, 1943—Apr. 30, 1944

To U. S. Commercial Company-----	² \$178, 742, 009. 61
To Rubber Development Corporation-----	³ 79, 467, 479. 06
To Petroleum Reserves Corporation-----	⁴ 100, 000. 00
To Export-Import Bank-----	(⁵)

¹ The Foreign Economic Administration was established on Sept. 25, 1943.

² U. S. Commercial Company executes Foreign Economic Administration's foreign procurement and preclusive purchasing programs. Most of these programs were previously carried on by several other Government corporations and since Sept. 25, 1943, they have been in process of transfer to U. S. Commercial Company. Funds for the programs which have been completely transferred to U. S. Commercial Company are obtained by way of advances from the Reconstruction Finance Corporation. Programs which are subject to Foreign Economic Administration direction but which have not yet been actually transferred are financed by Reconstruction Finance Corporation subsidiaries. Statements on U. S. Commercial Company operations appear later in the record.

³ These funds were obtained by way of advances from the Reconstruction Finance Corporation. Statements on Rubber Development Corporation operations appear later in the record.

⁴ On Aug. 27, 1943, the Petroleum Reserves Corporation borrowed \$100,000 from the Reconstruction Finance Corporation. No other funds have been made available to it. Between Sept. 25, 1943, and Apr. 20, 1944, Petroleum Reserves Corporation disbursed a total of \$48,747.18 for administrative expenses. Statements on Petroleum Reserves Corporation appear later in the record.

⁵ Funds of the Export-Import Bank have been derived from the sale of its common stock to the Secretaries of State and Commerce out of moneys made available by the Fourth Deficiency Act, fiscal year 1933; from the sale of its preferred stock to Reconstruction Finance Corporation between Feb. 12, 1934, and Jan. 31, 1941; and from earnings on loans. Statements regarding Export-Import Bank appear later in the record.

APPROPRIATIONS FOR CONSTITUENT AGENCIES, 1944 COMPARED WITH APPROPRIATION REQUESTED FOR FOREIGN ECONOMIC ADMINISTRATION 1945

The CHAIRMAN. If the committee will turn to the table, appropriations for constituent agencies, the Budget statement gives the 1944 funds at \$36,150,000. This was the amount that was appropriated to the Board of Economic Warfare. In addition certain activities were financed for 1944 from other funds which do not show up in this figure. For example, certain lend-lease administrative expenses which are included in the \$20,881,000 for 1945 were defrayed in 1944 from lend-lease appropriations. I see that you have a statement under the tab "Appropriation and obligations." Is there any objection to that going in the record?

Mr. CROWLEY. No.

The CHAIRMAN. It will be included in the record at this point. (Statement referred to follows:)

Appropriations for constituent agencies of Foreign Economic Administration, fiscal year 1944

Appropriated for Board of Economic Warfare, Public Law No. 139- \$36, 150, 000
Received by transfer from—

Commodity Credit Corporation-----	223, 204
Defense aid administrative expenses-----	2, 476, 661
Defense aid, necessary services and expenses-----	1, 487, 883
Emergency fund for the President, N. D.-----	3, 060, 000
War contribution fund, Treasury Department (subsequent to Oct. 30, 1943)-----	20, 000
1943 balance available in 1944-----	3, 196, 272
Total-----	46, 614, 020

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION, 1945 381

Comparison of Foreign Economic Administration appropriations, fiscal years 1944 and 1945

Total appropriations for administrative expenses of constituent agencies for 1944.....	\$46,614,020
Appropriation requested for 1945.....	20,881,000
Decrease.....	25,733,020
The decrease is accounted for as follows:	
Unobligated balance of 1944 appropriations.....	16,084,692
Estimated decrease in obligations, 1944 to 1945.....	7,597,598
Transfer from United States Commercial Company.....	2,050,730
Total.....	25,733,020

NOTE.—The above figures, of course, do not include the appropriated funds for the procurement of lend-lease supplies, services, and information.

The CHAIRMAN. This shows that the funds from all sources in 1944, that were available to pay the now consolidated functions, total \$46,614,020. In other words, the figures we have under discussion for this year are a decrease from last year of \$25,733,020.

Mr. CROWLEY. That is right.

Mr. WIGGLESWORTH. Do you mean that covers all funds that are being used, or just for administrative expenses?

Mr. CROWLEY. The administrative expenses, including the confidential funds.

Mr. WIGGLESWORTH. That will be in the table I requested?

Mr. CROWLEY. That is correct.

The CHAIRMAN. The \$46,614,020 is comparable to the \$20,881,000 you are asking for in this budget?

Mr. CROWLEY. That is correct.

The CHAIRMAN. You give three sources here at the bottom of the page making up that \$25,000,000 item. That was covered in your discussion during your general statement.

Mr. CROWLEY. Yes.

ESTIMATED OBLIGATIONS FOR 1944-45

The CHAIRMAN. The next page shows your estimated obligations for 1944 and 1945 in parallel columns and we will include that statement in the record at this point.

(Statement referred to follows:)

Estimated obligations, fiscal years 1944 and 1945

Category	1944	1945	Increase or decrease
01 Personal services.....	\$12,363,620	\$12,774,098	+\$410,478
02 Travel.....	481,618	475,000	-6,618
03 Transportation of things.....	7,339	6,500	-839
04 Communication services.....	463,767	350,000	-113,767
05 Rents and utility services.....	80,889	86,653	+5,769
06 Printing and binding.....	83,984	90,000	+6,016
07 Other contractual services.....	527,365	246,818	-280,547
Confidential intelligence.....	2,012,131	500,000	-1,512,131
Miscellaneous services performed by other Government agencies.....	3,811,391	1,468,456	-2,342,935
Foreign programs.....	10,044,549	6,706,200	-3,338,349
08 Supplies and materials.....	168,412	132,000	-36,412
09 Equipment.....	420,263	32,000	-388,263
Total obligations.....	30,465,328	22,867,730	-7,597,598
Transfers to Geological Survey, Department of Interior.....	64,000	64,000	-----
Net total obligations.....	30,529,328	22,931,730	-7,597,598
Transfer from U. S. Commercial Company.....	-----	2,050,730	-----
Estimated net needs.....	-----	20,881,000	-----

The CHAIRMAN. The total obligations for 1945 are placed at \$22,931,730 against which you show a credit from the U. S. Commercial Company of \$2,050,730, leaving your net obligations at \$20,881,000. That shows a decrease of \$7,597,598 of obligations comparing actual obligations for 1944 with 1945.

ITEMS OF INCREASE AND DECREASE IN ESTIMATE FOR 1945

Mr. CROWLEY. That is correct. We have a memorandum here that explains the increases and decreases, Mr. Chairman, and with your permission we will put them in the record.

The CHAIRMAN. They may be inserted.

(Statement referred to follows:)

INCREASES AND DECREASES

(1) *An increase of \$410,478 in personal services is indicated for 1945.*—Because of the difficulty, under conditions of manpower shortage, of recruiting personnel at the lower salary rates, the Foreign Economic Administration has followed the practice, generally adopted throughout the Government, of adjusting its organization so that in many cases lower-grade functions are performed incident to the discharge of higher-grade responsibilities. This is resulting in a gradual reduction in the number of persons employed in the lower classifications and an increase in the higher grades. The increase shows up primarily in the grades from \$1,800 to \$3,000. The estimates reflect the situation, in that they show a slightly higher average salary for the agency as a whole. It will be noted that the Foreign Economic Administration will be able to operate in 1945 with a reduction in man-years of employment despite the fact that most of its programs and projects involve increased activities. This saving in manpower can be accomplished only by obtaining and keeping good personnel in the positions requiring independent action and judgment and a minimum of supervision, even though this causes a slight increase in dollar expenditure.

(2) *A decrease of \$6,618 in travel expense is indicated for 1945.*—This will be accomplished by curtailing foreign travel by departmental employees from Washington.

(3) *A decrease of \$839 for transportation of things is indicated for 1945.*—This is due primarily to an expected reduction in the volume of supplies and equipment to be transported in 1945.

(4) *A decrease of \$113,767 for communication services is indicated for 1945.*—This savings will be accomplished largely by improved centralized control of the length and content of cablegrams, by further reducing the number of long-distance telephone calls, and by increasing the use of air mail in lieu of more expensive facilities.

(5) *An increase of \$5,769 for rents and utility service is indicated for 1945.*—Rental of a New York field office was carried by the Commodity Credit Corporation for 10 months of the fiscal year 1944, but with the transfer to the Foreign Economic Administration of the functions and personnel of that office, the Foreign Economic Administration also assumed the lease.

(6) *An increase of \$6,016 for printing and binding expenses is indicated for 1945.*—Public Law No. 139 limited the amount of printing and binding for the Office of Economic Warfare to \$100,000 for the 1945 fiscal year, of which amount it is estimated that \$83,984 will be obligated. The estimate of \$90,000 for printing and binding in 1945 includes the printing of miscellaneous forms for the United States Commercial Company, previously handled by the Reconstruction Finance Corporation.

(7) *A decrease of \$280,547 for other contractual services is indicated for 1945.*—A number of administrative operations were performed for the predecessor agencies of the Foreign Economic Administration by the Division of Central Administrative Services, the Department of Commerce, and the Department of State on a contractual basis. These functions are now being performed within the consolidated structure of the Foreign Economic Administration without requiring any increase in personnel.

(8) *A decrease of \$1,512,131 for confidential intelligence is estimated for 1945.*

(9) *A decrease of \$2,342,935 for miscellaneous services performed by other government agencies is indicated for 1945.*—The transfer of \$2,000,000 to the State Department and \$134,700 to the Bureau of the Census, Department of Commerce, is not provided for in 1945, as these amounts were included in the respective budgets for these departments. A reduction will be made in the amount to be transferred to the United States Tariff Commission in 1945 for studies of the production of and trade in various commodities of foreign countries. In 1944, \$100,000 was transferred to the Bureau of Standards for experimentation with substitute motor fuels for use in foreign countries. With the completion of the experiments, this project was discontinued.

(10) *A decrease of \$3,338,349 for foreign programs is indicated for 1945.*—This reduction is due to the fact that much of the planning and exploratory work in foreign countries has already progressed to the stage where the major effort is in the work incident to actual procurement operations. The expenses of these commercial and trading operations are to be borne by the United States Commercial Company as a part of its financing of all other procurement costs, rather than from appropriated funds. These expenses will be properly reflected in the cost of the goods and the ultimate resale price.

(11) *A decrease of \$36,412 for supplies and materials is indicated for 1945.*—This reduction in supplies and materials reflects the anticipated stabilization of Foreign Economic Administration employment in 1945.

(12) *A decrease of \$388,263 for equipment is indicated for 1945.*—In 1945, it is not anticipated that Foreign Economic Administration will need to purchase equipment except for a few minor replacement articles and additional filing equipment.

UNITED STATES COMMERCIAL COMPANY

The CHAIRMAN. You have already told us about the U. S. Commercial Company, but you might give us a brief résumé here about its capital structure, the source of its capital stock, the relation of its functions to F. E. A., together with a statement covering its procurement and development of strategical and critical materials.

Mr. CROWLEY. Ues.

The CHAIRMAN. Will you give us in that connection, Mr. Crowley, a statement showing just what has been done by this company and you might give us either a balance sheet of the company, showing its operating statement, or you could give us an inventory of your procurements and disposals.

Mr. CROWLEY. We have the balance sheet here, Mr. Chairman, and we also have a summary of estimated disbursements and receipts relating to programs for the fiscal year 1944 and 1945 which we will be glad to supply for the record.

The CHAIRMAN. They will be included in the record.
(Statements referred to follow.)

The United States Commercial Company was created on March 26, 1942, at the request of the Secretary of Commerce with the approval of the President, pursuant to the authority contained in section 5 (d) of the Reconstruction Finance Corporation Act, as amended. Originally, the Company was primarily engaged in preclusive purchasing operations in neutral countries for the purpose of denying to the enemy vital war materials. While the Company still engages to some extent in these operations, its principal purpose today is to act on behalf of the Foreign Economic Administration in the procurement and development abroad of strategic and critical materials essential to our war effort.

The total authorized capital stock of the Company is \$5,000,000, all of which has been issued and is presently held by the Reconstruction Finance Corporation for the Foreign Economic Administration pending transfer of record to that Administration.

By Executive Order No. 9380, dated September 25, 1943, the Company was transferred to the Foreign Economic Administration and provision was made for financing the Company through Reconstruction Finance Corporation loans.

The officers and directors of the Company are—

Officers: Leo T. Crowley, president; Robert A. Gantt, vice president; Sidney H. Scheuer, vice president; Paul H. Nitze, vice president; Herbert W. Parisius, vice president; Robert P. Furey, assistant vice president; Van Lear Woodward, assistant vice president; Henry W. Riley, secretary and treasurer; Oscar Cox, general counsel; Robert S. Stevens, assistant general counsel; Harry L. Babbit, assistant secretary; W. E. Unzicker, assistant treasurer; Leonard W. A'Hearn, assistant treasurer; Forrest E. Ferguson, assistant treasurer.

Directors: Leo T. Crowley, chairman; Oscar Cox; Lauchlin Currie; Charles T. Fisher, Jr.; Paul H. Nitze; Herbert W. Parisius; Arthur Paul; Warren Lee Pierson; Henry W. Riley; Sidney H. Scheuer; Charles P. Taft; Harry D. White.

Subsequent to the issuance of Executive Order No. 9380, the Company has engaged in the foreign procurement and importation into the United States of commodities which are of strategic importance. For the most part these commodities are those which formerly were purchased and imported by Defense Supplies Corporation and Metals Reserve Company, pursuant to directives from the predecessor agencies of the Foreign Economic Administration. Most of the procurement programs have already been transferred from the Metals Reserve Company and Defense Supplies Corporation to the United States Commercial Company.

Pursuant to Executive Order No. 9385, the foreign procurement and related functions of the War Food Administration and the Commodity Credit Corporation were transferred to the Foreign Economic Administration, and the procurement activities in this field are now being conducted by the United States Commercial Company.

Under the various procurement programs handled by the Company vitally needed materials are being procured: metals and minerals, such as mica, manganese, chrome, quartz crystals, tantalite, beryl, copper, lead, zinc, nickel, and industrial diamonds; woods, such as mahogany and balsa; the bark of the cinchona tree (from which quinine and other natural antimalarials are derived); fibers, such as abaca, henequen, sisal, jute, andistle; hides and skins; alcohol; fats and oils (for use in the manufacture of lubricants and explosives); various foodstuffs; and certain miscellaneous commodities vital to our war effort, such as rotenone, pyrethrum, red squill, loofa sponges, hairs, and bristles. After arrival in this country these commodities are in turn either transferred to other Government agencies or sold to nongovernmental purchasers. These programs are described in greater detail in the statements entitled "Metal and Mineral Program," "General Commodities Program," "Fiber and Hide Program," and "Food Program."

As pointed out above, the Company presently finances these operations through funds obtained from the Reconstruction Finance Corporation. As of April 5, 1944, the total of the Company's loans from the Reconstruction Finance Corporation was approximately \$184,000,000, including loans made while United States Commercial Company was part of the Office of Economic Warfare. Against such loans the Company is entitled to credits equal to the value of those imports which are delivered to various Reconstruction Finance Corporation subsidiaries after the arrival of such commodities in this country. The proceeds from sales to nongovernmental purchasers are likewise applied to reduce the amount of these loans.

U. S. Commercial Company, Washington, D. C., balance sheet, as of Mar. 31, 1944

Assets:

Cash on hand and in banks.....	\$25, 642, 751. 15	
Notes receivable.....	290, 000. 00	
Accounts and claims receivable.....	36, 595, 301. 55	
Commodity inventory.....	149, 666, 565. 38	
Investments on development programs.....	449, 904. 51	
Furniture, fixtures, and equipment.....	40, 225. 52	
Other assets:		
Unallocated disbursements.....	\$896, 738. 51	
Advances for expenses.....	203, 093. 63	
Advance payments on commodities.....	9, 551, 774. 88	
		10, 651, 607. 02
		<u>223, 336, 355. 13</u>

U. S. Commercial Company, Washington, D. C., balance sheet, as of Mar. 31, 1944—
Continued

Liabilities:

Accounts payable.....	\$26, 109, 589. 32	
Notes payable—Reconstruction Finance Corporation.....	183, 873, 593. 66	
Accrued interest on notes payable.....	3, 518, 594. 59	
Deferred credits—Special deposits.....	9, 280. 67	
Capital:		
Capital stock outstanding.....	\$5, 000, 000. 00	
Surplus.....	4, 825, 296. 89	
		9, 825, 296. 89
		<u>223, 336, 355. 13</u>

(See following notes for explanation of major items.)

NOTES

1. All assets are valued at cost.
2. Funds are placed at points where needed to meet payments on preclusive purchases and other operations. Cash is, for the most part, on deposit in Spain, Portugal, Turkey, Egypt, and Gibraltar and with the United Kingdom Commercial Co.
3. Accounts receivable are comprised principally of amounts due from Metals Reserve Company, Defense Supplies Corporation, and miscellaneous trade debtors for commodities sold.
4. Commodities valued at \$18,749,440.57 are located in warehouses in the United States and the balance, valued at \$130,917,124.81, is located in Spain, Portugal, Turkey, India, Africa, various South American countries, and afloat.
5. The major portion of investments in development programs represents expenditures for food development in the South Pacific, made for the purpose of supplying the military in that area.
6. Unallocated disbursements result from a time lag between receipt of telegraphic advice of expenditures and receipt of documentation sufficient to a proper distribution on the books.
7. Advances for expenses are advances to employees on foreign assignments for regular travel expenses, for experimental work, for temporary local labor, etc.
8. Advance payments on commodities are advances of purchase price for commodities procured.
9. Accounts payable consist for the most part of amounts due to miscellaneous trade creditors, the United Kingdom Commercial Co. and foreign government agencies. Amounts due from foreign government agencies for reverse lend-lease appear as a liability until receipt by this Government of information from the foreign governments that the commodities supplied constitute reciprocal aid. Upon such action and the sale of the commodities, the proceeds received will be credited to the lend-lease account in accordance with the terms of the Lend-Lease Act.
10. Amounts due to and from the United Kingdom Commercial Co. represent specific transactions between the two corporations.

U. S. Commercial Company summary of estimated disbursements and receipts relating to programs for the fiscal years 1944 and 1945 ¹

(In thousands of dollars)

	Disbursements	Receipts	Excess of disbursements or receipts (+)
Fiscal year 1944:			
Import operations:			
Fibers and hides.....	223, 145	229, 061	+5, 916
Foodstuffs.....	269, 512	279, 834	+10, 322
General commodities.....	74, 250	67, 226	7, 024
Metals and minerals.....	480, 453	458, 112	22, 341
Subtotal.....	1, 047, 360	1, 034, 233	13, 127

See footnote at end of table.

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U. S. Commercial Company summary of estimated disbursements and receipts relating to programs for the fiscal years 1944 and 1945—Continued

[In thousands of dollars]

	Disbursements	Receipts	Excess of disbursements or receipts (+)
Fiscal year 1944—Continued.			
Investment in development projects:			
Fibers and hides	10,801		10,801
General commodities	3,795		3,795
Special South Pacific project	2,808		2,808
Inter-foreign country trade			
Export operations	200	200	
Total	1,064,964	1,034,433	30,531
Preclusive operations	100,000	3,623	² 96,377
Total, fiscal year 1944	1,164,964	1,038,056	126,908
Fiscal year 1945:			
Import operations:			
Fibers and hides	274,733	265,474	9,259
Foodstuffs	364,453	375,787	+11,334
General commodities	73,392	68,159	5,233
Metals and minerals	466,699	450,412	16,287
Subtotal	1,179,277	1,159,832	19,445
Investment in development projects:			
Fibers and hides	12,247		12,247
General commodities	2,139		2,139
Special South Pacific project	6,430		6,430
Inter-foreign country trade	25,000	25,000	
Export operations	10,000	10,000	
Total	1,235,093	1,194,832	40,261
Preclusive operations	100,000	5,000	² 95,000
Total, fiscal year 1945	1,335,093	1,199,832	135,261

¹ The U. S. Commercial Company now operates as the primary foreign procurement agency of Foreign Economic Administration. For the purpose of this statement of estimated receipts and disbursements, estimated operations that will be performed by the U. S. Commercial Company in 1945 have been treated as if they had also been performed by the U. S. Commercial Company in 1944 so that a clear comparison can be made between 1944 and 1945 procurement operations.

The figures shown under the heading "Disbursements" reflect procurement costs and the costs for transporting the commodities to the United States and arranging for their sale. No adjustment has been made to reflect the fact that the governments of the United Kingdom, Australia, India, and New Zealand are supplying a large portion of these commodities as reverse lend-lease because, even when a foreign government pays the cost of procuring reverse lend-lease commodities, U. S. Commercial Company will in most instances have to pay the costs of transporting them to the United States and of arranging for their sale, and will, in all instances, pay the net proceeds resulting from the sale into the lend-lease account in accordance with the terms of the Lend-Lease Act.

² Because of the nature of preclusive operations, the vast majority of materials purchased preclusively are not expected to be disposed of in the fiscal years 1944 and 1945 but are expected to be held in inventory. These figures primarily represent the cost of the inventory on hand, and, since this statement only shows cash disbursements and receipts, no estimate of the net proceeds is made.

DOMESTIC PERSONNEL COMPARISON 1944 AND ESTIMATES FOR 1945

The CHAIRMAN. The administrative personnel and administrative expenses are included as a part of the Foreign Economic Administration?

Mr. CROWLEY. That is included in the statement of estimated obligations.

The CHAIRMAN. And for 1945 it is \$22,931,730.

Mr. CROWLEY. That is right.

The CHAIRMAN. I note, if the committee will turn to the table marked "Personnel," that the number of man-years in the 1944 budget for the agencies consolidated into the Foreign Economic Administration was 4,937, and that the total number of employees taken over from these agencies in the consolidation was 4,009. In other words, you have a decrease here of approximately 900.

Mr. CROWLEY. Yes.

The CHAIRMAN. In other words, there has been a reduction from 4,937 employees to 4,009.

Mr. CROWLEY. That is correct, the 4,009 employees who have been transferred total about 900 less persons that the constituent agencies were authorized to employ.

The CHAIRMAN. That is the total you took over?

Mr. CROWLEY. Yes.

(The information requested is as follows:)

Man-years authorized in 1944 budgets of constituent agencies

Constituent agency:	Man-years
Office of Economic Warfare.....	¹ 3,762
Office of Lend-Lease Administration.....	¹ 646
Office of Foreign Relief and Rehabilitation Operations.....	241
Office of Foreign Economic Coordination.....	45
U. S. Commercial Company.....	60
Commodity Credit Corporation.....	165
Office of Price Administration.....	18
Total.....	4,937

¹ These figures are based on authorized positions. In the case of the other agencies the figures represent the number of employees on the pay roll, as data on authorized positions are not available.

Employees taken over by Foreign Economic Administration in consolidation

Constituent agency:	Number of employees
Office of Economic Warfare.....	¹ 2,897
Office of Lend-Lease Administration.....	¹ 583
Office of Foreign Relief and Rehabilitation Operations.....	¹ 241
Office of Foreign Economic Coordination.....	² 45
U. S. Commercial Company.....	³ 60
Commodity Credit Corporation.....	³ 21
Commodity Credit Corporation.....	⁴ 144
Office of Price Administration.....	⁴ 18
Total.....	4,009

¹ September 1943.

² October 1943.

³ January 1944.

⁴ May 1944.

The CHAIRMAN. Now, can you tell us this? There is a difference there of more than 900. Can you tell us whether or not they were abolished at the time of the consolidation?

Mr. CROWLEY. I take it some of them were off the rolls before the transfer. I will ask Mr. Riley to speak about that.

Mr. RILEY. The situation was that B. E. W. was authorized to make substantial increases in personnel by the appropriation bill that became law on July 12, 1943. However, the first stages of the consolidation began only 3 days afterward when the first Executive order was issued on July 15, 1943, and very little progress had been made by B. E. W. toward expanding up to its new authorized level of personnel for the current year. Mr. Crowley, immediately after taking over, put on a complete personnel freeze until he had a chance to find out just what was needed and just what sort of an organization he was going to build up. So, although we did not actually at that time eliminate personnel, we refrained from making appointments that had been provided for in the appropriation.

The CHAIRMAN. How many have been reduced since that time?

Mr. RILEY. The number of employees actually taken over on the rolls by the consolidation has been 4,009. Those actually employed on May 1, 1944 were 3,884.

The CHAIRMAN. I notice those figures on the next page.

Mr. RILEY. That is right.

The CHAIRMAN. Your total personnel at the end of April 1944 was 3,884. That is about 100 less than the total number at the time of the consolidation. But I see, notwithstanding that, you are asking for 1945 for 4,180 positions. That would be an increase of about 300 employees, and about \$211,301.

Mr. CROWLEY. Mr. Chairman, in the first place, the 4,180 figure represents only the number of positions which it is expected may be filled from time to time during the year and not the number of man-years. Also since last July we did not add to the rolls the anticipated number of employees that were allowed for in the Budget. We did not have any slack to decrease employment. Despite this, we established a freeze on new employment and did not put any more on.

Furthermore, with reference to the number of people for 1945, we have a study going on now to find out what employees we have that can be eliminated, in order that we may bring in additional personnel needed to properly carry out the new functions for which we are responsible and which I described earlier.

We expect to continue to make shifts of personnel within the organization but the over-all number of persons employed will not be reduced very much for the next 6 months. As a matter of fact, we are a little bit short of personnel now.

The CHAIRMAN. These figures on this page, are they exclusive of war overtime pay?

Mr. RILEY. Yes.

The CHAIRMAN. That does not agree with the chart on the next page. It might be well, Mr. Crowley, if you would take those up and go down the line, indicating the principal increases, and tell us whether they will be increased during May and June, and why the increases asked for are necessary; and also whether they are principally in the lower clerical grades or whether they include some higher grades of personnel.

Mr. TABER. Mr. Chairman, may I ask a question right there?

The CHAIRMAN. Yes.

Mr. TABER. I have been looking at this table. You have 3,722 positions. You are proposing an increase of 460. And you are proposing an increase in money above base salary of \$550,000. Does that mean that you are going to reduce some salaries? Because that would only leave an average of less than \$1,200 for these new positions. You have here about a \$2,700 base average at the present time. The thing looks funny to me; that is all.

Mr. CROWLEY. Mr. Riley, can you explain that?

Mr. RILEY. Mr. Taber, may I point out that on April 30 we had 3,722 domestic employees and that on May 1, 162 more people who were transferred to the Foreign Economic Administration. Those

people transferred on May 1 are absorbed and provided for in the 1945 man-year figures.

Mr. TABER. It does not say so. It says something else. It says that you are going to have \$341,000 more for their base salary.

Mr. RILEY. They are absorbed, however, in the 1945 figure.

Mr. TABER. Why do you state it this way, then? I do not want to be captious, but I just do not understand it.

Mr. RILEY. Those figures were added to the 1944 pay roll on May 1 because that is the date on which the employees were transferred to F. E. A.

Mr. CROWLEY. You mean you had hired them and sent them through for approval?

Mr. RILEY. They were employees of the Commodity Credit Corporation that had continued on the pay roll of the Commodity Credit Corporation through April the 30th. They were not on our own pay roll on April the 30th, and consequently do not show in the total of 3,722 actually employed on April the 30th. They do show in the 3,884 May 1 figure and in the total of 3,739.3 man-years requested for the coming fiscal year.

Mr. TABER. They are absorbed in that number of 4,180?

Mr. RILEY. Positions, yes.

Mr. TABER. The 4,180 represents 304 more than you had on the roll after that May 1 operation; and the amount of money you have set up for base annual salary is just \$211,000 above the other figure at the bottom of the page. That would mean about a \$600-a-piece salary. That is why that looks funny to me.

Mr. RILEY. The situation is this, in that respect, Mr. Taber. The 3,884 and 4,180 figures are not comparable. The former is the number of employees actually working on May 1. The latter is the number of positions that may be filled from time to time during 1945. You will notice that the 4,180 is the total number of positions that it is estimated will be required to produce the average employment, called man-years, of 3,739; that is, people resign, it takes a while to fill their positions—

Mr. TABER. We know all about that.

Mr. RILEY. That is the difference between the two figures.

Mr. TABER. But you have a base annual salary at the head of that column, and you also have it on the other one, too. There is something the matter with the table, but I do not know what it is. In any event, when you put it in the record there, fix it so it is understandable.

Give us the man-years for 1944 compared with what you are asking for 1945, and fix the table up so it will check.

Mr. RILEY. Very well.

(The information requested is as follows:)

Domestic personnel comparison, 1944-45

Offices and bureaus	Personnel actually employed May 1, 1944		1944 man years authorized ¹	Estimated 1944 obligations		Estimate for fiscal year 1945		
	Number	Base annual salary		Man-years ¹	Amount	Positions ²	Man-years	Base annual salary
Office of the Administrator	34	\$129,598	43	34.2	\$109,850	51	49	\$157,388
Office of Economic Programs	123	453,196	156	123.5	478,809	90	72	293,544
Office of Budget and Administrative Planning	57	185,016	72	57.3	187,772	58	47.1	156,702
Office of Personnel	104	251,086	132	104.4	264,862	87	81.5	223,147
Office of Finance	177	452,844	225	177.7	462,908	250	225	631,350
Office of Management Services	447	759,918	570	448.9	777,494	452	418	786,676
Office of General Counsel	99	369,220	125	99.4	372,253	99	71.5	282,139
Bureau of Areas:								
Staff (including Foreign Economic service staff)	69	217,580	88	69.3	248,163	69	61	230,702
Special Areas Branch	449	1,187,421	571	450.8	1,186,620	540	486	1,371,632
General Areas Branch	130	381,632	165	130.5	371,142	149	135	411,040
Pan American Branch	57	174,593	72	57.3	209,259	91	80	308,236
Liberated Areas Branch	208	677,123	265	208.9	691,667	239	204.5	718,243
Total, Bureau of Areas	1954	2,638,349	1,161	916.8	2,706,851	1,088	966.5	3,039,853
Bureau of Supplies:								
Staff	20	61,726	25	20.1	81,907	16	15	64,125
Trade relations staff	21	82,367	27	21.1	86,510	15	12	51,600
Coordinating staff U. S. C. C.	41	100,823	52	41.2	121,581	32	28	88,275
Statistics and analysis	172	310,883	219	172.7	315,010	178	175	359,010
Engineering service	34	155,331	43	34.2	152,770	33	30	135,739
Office of Food Programs	146	445,266	186	146.6	427,632	260	216.8	676,043
Requirements and supply	727	1,953,769	924	730.0	1,900,760	723	662.6	1,864,097
Transportation and storage	83	279,907	105	83.3	217,579	132	113.5	375,244
Foreign Procurement and Development Branch	238	797,338	303	239.0	741,856	238	214	708,302
Total, Bureau of Supplies	1,482	4,187,410	1,884	1,488.2	4,045,605	1,627	1,466.9	4,322,435
Detailed to other agencies	13	53,300	16	13.1	53,710			
Total departmental	3,449	9,479,937	4,384	3,463.5	9,460,114	3,802	3,397.5	9,893,234
Domestic field	285	787,167	362	275.8	611,348	248	246	568,340
Total departmental and domestic field, regular	3,734	10,213,804	4,746	3,739.3	10,071,462	4,050	3,643.5	10,461,574
Other employees:								
Departmental	129	348,945	164	75.8	203,074	100	75.8	203,074
Domestic field	21	86,142	27			30	20	82,030
Grand total	3,884	10,648,891	4,937	3,815.1	10,274,536	4,180	3,739.3	10,746,678

¹ The distribution to the newly created offices and bureaus of F. E. A. of man-years authorized for 1944, and estimated man-year obligations for 1944 is made in the same ratio as the number of persons working May 1, 1944, in each office or bureau bears to the total personnel employed by F. E. A. on that date.

² This represents net man-years provided in the 1944 B. E. W. and Lend-Lease budgets plus employees transferred from other agencies to F. E. A.

DISTRIBUTION OF INCREASES IN PERSONNEL

OFFICE OF THE ADMINISTRATOR

The CHAIRMAN. Will you take this second page of your personnel justifications and go down the line, taking up the principal increases, and tell us whether you will be increasing during May and June, why the increase is necessary, and whether or not these people are in the lower clerical grades or whether they are higher-grade personnel?

Mr. CROWLEY. Mr. Riley, will you tell the committee what is going on in the Office of the Administrator, please?

Mr. RILEY. Mr. Chairman, there will be very little increase—you are asking about any increase between now and June 30?

The CHAIRMAN. Yes.

Mr. RILEY. It is contemplated that prior to June 30 there may be five more people attached to the Office of the Administrator to work in connection with some of the problems of surplus property.

The CHAIRMAN. Will they be in the lower clerical grades?

Mr. RILEY. They will be in the higher-grade positions, Mr. Chairman.

The CHAIRMAN. Tell us why it is necessary to have those positions.

Mr. RILEY. The persons are needed to help carry out the Foreign Economic Administration's responsibilities for disposal of surplus property in foreign countries. This work is in the planning stage and it is necessary to have a few high-caliber men to work directly with the Administrator in developing policies, programs, and procedures, and to represent the Administrator on interdepartmental committees dealing with the surplus disposal problem. It should be emphasized that policies and procedures carefully worked out in this early stage will save the United States millions of dollars when operations begin on a large scale.

DOMESTIC FIELD

The CHAIRMAN. I notice that you have a designation here, in the lower half of the page, "Domestic field," and I assume those are field offices in the United States.

Mr. RILEY. That is right, sir.

The CHAIRMAN. What sort of a field set-up do you have?

Mr. RILEY. Our only field office of any size is in New York. We have a few employees in San Francisco, New Orleans, and other ports of entry. They are concerned with transportation, warehousing, shipping, and similar problems.

In the New York office, which accounts for the principal part of our domestic field personnel—about 240 employees—we handle the receiving papers relating to our imports of food and other such programs.

The CHAIRMAN. Let us take up, for instance, the Office of Personnel.

Mr. WIGGLESWORTH. Mr. Chairman, what about the Office of the Administrator? There is an apparent increase of 17 positions in the Office of the Administrator.

Mr. RILEY. There are 5 to be added between now and June 30 on surplus property; another 12 from time to time during the coming fiscal year in the handling of these and other matters.

OFFICE OF FINANCE

The CHAIRMAN. The next item of increase is the Office of Finance, from 177 to 250. Will you explain the reason for the increase?

Mr. RILEY. Mr. Chairman, we are now consolidating into one organization the record-keeping relating to all of the activities in which we are engaged. When responsibilities pertaining to procurement programs were transferred to us from the subsidiary corporations of the R. F. C., we did not take over the personnel that had been handling the accounting and field examination work involved. Consequently, it is necessary for us to build up our own staff not only to perform these functions but also to perform similar functions with respect to

the food program formerly carried on by Commodity Credit Corporation. It must also furnish current information to our Foreign Procurement and Development Branch, our Transportation and Storage Branch, and our other operating people. Finally, it must take on the new job that has recently been given to F. E. A. of preparing and maintaining a master set of books on the financial aspects of all the Government's foreign activities.

The CHAIRMAN. What character of personnel is that?

Mr. RILEY. For the most part, they will be lower-grade and intermediate-grade employees; accounting clerks, on that level.

SPECIAL AREAS BRANCH

The CHAIRMAN. For the Bureau of Areas, you have an increase from 484 to 540 for the Special Areas Branch.

Mr. CROWLEY. Mr. Stone can tell you about that.

Mr. STONE. We faced considerable difficulty in the case of Special Areas, which deals entirely, as we indicated this morning, with the enemy economy, in estimating the course of the war and, therefore, our personnel needs. If the European war were over, our entire European division would go out and would go out immediately. We are not able to calculate on that at this time, and up to now there has been no let-up in the demands which are made upon us.

We are faced with requirements, particularly from the Army, which call for a considerable stepping up on the Far East, both in the procurement of intelligence, and the handling of intercepts. For example, now on the confidential document we get, we are handling more than 40,000 a week. That has stepped up already and will continue to step up as we get more and more from the Far East.

In the Far East Division itself we are required to take on some additional personnel, which will be probably in the first part of the fiscal year. That may be made up later on in the year by a reduction in the personnel of the European division, if the war takes that course, but we certainly cannot take the risk of proceeding on that assumption now. Even if it becomes possible to cut down on the European end of our work, we will still have to increase the far eastern end. We do know that in the first quarter of the year, beginning a month hence, we are going to be faced with a continuation of the pressure on the European end and an increase in our work in the Far East.

The CHAIRMAN. This figure, then, is predicated on the assumption, the necessary assumption, that the war will continue?

Mr. STONE. Yes; it has to be.

The CHAIRMAN. You have no alternative at this time?

Mr. STONE. We have no alternative whatsoever.

GENERAL AREAS BRANCH

The CHAIRMAN. The same is true, I suppose, of the following item, General Areas Branch, which shows an increase from 119 to 149?

Mr. Cox. Mr. Chairman, I think what is causing some confusion here is this: that as a matter of accuracy, the more realistic comparison is between the number of actual employees rather than the man-years.

The CHAIRMAN. Of course, they are not identical as long as you are moving up and down, but—

Mr. COX. The actual comparison over the year would be the man-years figure, which, in the case of the General Areas Branch, would be 130 as against 135.

The CHAIRMAN. In the General Areas Branch, then, you are asking for an increase from 130 to 149 positions, or 125 man-years. Will you explain that?

Mr. CROWLEY. Mr. Orchard will explain that.

Mr. ORCHARD. There are now 130 employees in the General Areas Branch as against 135 man-years requested for 1945. Our Branch has the responsibility for the examination and review of the total export programs—including both lend-lease and commercial—for all countries in the British Empire, U. S. S. R., China, Liberia, Iceland, Greenland, and Afghanistan. Programs are submitted by the foreign governments. Usually F. E. A. field missions make their recommendations and comments in regard to them. We, however, make the final decision as to the essentiality, end-use, and source of supply. At all times, these programs are worked out in close collaboration with the Bureau of Supplies of F. E. A. As a result of the consolidation which brought into one agency control over both lend-lease and commercial exports, we are now in a position to scrutinize exports more effectively so that as many transactions can be placed on a commercial basis as possible. This careful screening, of course, requires additional personnel. Also, as F. E. A.'s general functions increase more personnel is needed so that our people in the field can be properly serviced.

LIBERATED AREAS BRANCH

The CHAIRMAN. In the Liberated Areas Branch you have an increase from 208 to 239 positions, or 204.5 man-years. Will you explain that?

Mr. CROWLEY. Mr. Emerson will explain that.

Mr. EMERSON. I think it would be far easier to justify an increase rather than a decrease in the case of Liberated Areas, assuming the war goes well. It is a field that becomes more active as the war moves on and more areas are liberated.

It is a matter of building up, drawing in people for this Branch which will be dealing with the problems of these liberated areas. As we go from the planning stage to the operating stage, we will need more people.

Mr. TABER. Mr. Chairman, have we come to the point where I might ask some questions on some of these items above?

The CHAIRMAN. Yes.

Mr. TABER. The point that I am making is that you do not have the work to do that you would have if it were the other way around.

Mr. COX. I think it would clarify the matter if I were to say this: The Foreign Procurement and Development Branch of the Bureau of Supplies does the actual preclusive buying. There is a small section called the Special Projects Division that has the preclusive buying job. They also have been given the job of handling the reverse lend-lease of strategic and critical materials which we do not pay for, but which we obtain as reverse lend-lease. That means that as the volume of

that increases and the volume of preclusive buying decreases, we still will have to maintain that staff in the Bureau of Supplies. The strategic and critical materials coming in on reverse lend-lease having increased, there is a good deal of administrative work to be done; I mean, consignments, bills of lading, and accounting.

Mr. TABER. That is more of a machine job than going out and bidding for goods?

Mr. COX. That is right.

Mr. NITZE. Mr. Chairman, the problem is not completely clarified. Let us assume an embargo operating, for instance, on shipments of tungsten from Spain to the occupied countries. The Germans have their agents there and it is still necessary to see that the embargo is actually implemented.

Similarly, in Turkey, the Germans are still there. The moment the Germans are defeated, the problem will become simpler. But we still have some unwinding to do, because we are in a good many situations which we are going to have to get out of as economically to the United States Government as possible.

Mr. STONE. I would like to add a footnote to that, with respect to this problem. The Germans in Turkey, according to our estimates, have in the German Embassy 500 officials. We have on this particular job I think 15. Between Portugal and Spain together, there are more than a thousand German officials. Now, one might say that the German manpower position is about as tight as that of any other country trying to wage war, and yet they have apparently found it necessary or worth their while to maintain large numbers of economic agents running over Spain and Portugal. The job of meeting that has been exceedingly difficult. Those needs are not going to be completely removed, as Mr. Nitze said, by the action that has just been taken.

Mr. NITZE. I would like to point out the very small staff that we have working on these problems today. We have only one man working on the implementation of the Turkish program. We have three men working on the implementation of the Portuguese and Spanish programs. And those are extremely complicated and difficult programs.

PAN AMERICAN BRANCH

Mr. TABER. You have here a proposed increase of very considerable size in the Pan American Branch. Is not that a situation where we ought to be able to draw in rather than spread?

Mr. PAUL. The answer there is that today 57 people are trying to do the job which was handled by more than 150 people in the constituent agencies that were consolidated into F. E. A. The existing personnel is merely the core about which the branch is being built in order to carry out the functions which have been assigned to it. But our request for 1945 is substantially smaller than the number who performed the work before the consolidation even though after the consolidation our functions have been increased. This branch must develop and review all F. E. A. programs with respect to the 20 American republics and represent F. E. A. in its relations with the representatives of those countries in all foreign economic matters. There were on May 1 approximately 57 people working in the Pan American Branch. The difference between the figure of employment on April 30 and 57 is

accounted for by the persons who have not been transferred, technically, on the books to that branch but who are actually working in the branch.

Mr. TABER. From where?

Mr. PAUL. From the various other constituent parts of the agency, as a result of the general reorganization following the merger.

Mr. TABER. They must show somewhere and we could look for a reduction there.

Mr. COX. The total figures, Mr. Taber, add up correctly. What happened was that on April 30, on the pay roll, a few of these people showed up assigned to particular branches even though they were actually working elsewhere in F. E. A. The total figure tallies, but where a man is shifted from one branch to another branch because there is greater need for him there and he is qualified for it, there is a lag in formally transferring his papers, that is what makes the difference.

LIBERATED AREAS BRANCH

Mr. TABER. This Liberated Areas Branch, does that mean the branch that is handling the relief problem in these places, or is that a buying set-up?

Mr. CROWLEY. Will you explain to the committee your functions and what you are doing with the Army and the Navy in liberated areas, Mr. Emerson?

Mr. EMERSON. Our branch is not a buying organization. It is the part of F. E. A. which works with other Government agencies and our own commodity people with respect to liberated areas. I believe Mr. Stein yesterday was speaking in connection with our requirements activity. There we are working with the Army, and beginning to work to some degree with the governments that will be paying for their own supplies. We will be handling the U. N. R. R. A. requirements insofar as it is done jointly with the Bureau of Supplies of F. E. A. But insofar as it is a matter of area considerations and area handling, that is a function of Liberated Areas Branch. Only a very small portion of our personnel, however, will be working on U. N. R. R. A. problems.

Most of our personnel in the Liberated Areas Branch are working in two major fields. We are responsible for planning control programs, that is, studying and analyzing the requirements needs of the countries under our jurisdiction, the sources of supply, the proportions to be allocated to them as compared with other countries, determining which supplies can come from other areas than the United States, which supplies should be stock-piled and how they should be distributed. The other major jobs involve over-all supervision of these programs as they are put into operation and working together with the Bureau of Supplies in carrying them out.

We are also working very closely with the Army—the Civil Affairs Division—in connection with the preparation of guides and handbooks which the Army must have in connection with the problems of military government in different occupied areas. And, beyond that, doing a preparatory job in connection with the economic relations between the United States and these areas as they come into liberation, in order that the United States may appear on the scene with some understanding of the type of economic activity in which it should

engage in those areas; the type of economic problems that will be presented, the economic relations which are desirable for the United States to establish.

Mr. TABER. Where are those people? Can you give us a breakdown by countries as to where they are?

Mr. EMERSON. In the Liberated Areas Branch? Yes; I can.

Mr. TABER. I see that that is already in here.

OFFICE OF FOOD PROGRAMS

The CHAIRMAN. Taking up the Bureau of Supplies, Office of Food Programs, I notice an increase from 146 to 260.

Mr. CROWLEY. Mr. Parisius will handle that.

Mr. PARISIUS. The constituent agencies, Mr. Chairman, had between 225 and 250 people working on food and agriculture.

The CHAIRMAN. How many did you take over?

Mr. PARISIUS. We tried to count names and got about 225, many of whom decided to go into other agencies; some of them went with U. N. R. R. A., some of them left the organization, and so on. We have actually working as of today 146 people.

The CHAIRMAN. Then your estimate is just 100 under what you will require in 1945? That is what you estimate you have now?

Mr. PARISIUS. We are actually thinking in terms of man-years, instead—

The CHAIRMAN. That is, 216.8 instead of 260?

Mr. PARISIUS. That is right.

The CHAIRMAN. What class of employees are they?

Mr. PARISIUS. We have a lot of licensing officers and assistants. Our licenses, for example, have increased from 100 a day a year ago to 550 a day at this time.

The CHAIRMAN. What does this license work require, does it require clerical personnel or personnel of a higher grade?

Mr. PARISIUS. I would say it is an intermediate grade; and quite a bit of clerical personnel. We are desperately short of people at this time because of the fact that so many of the people who made up the former agencies did not come over.

In addition to our food export licensing work we are responsible for the procurement abroad of essential foodstuffs including fats and oils. We also review the estimated requirements of foreign countries for food, to be supplied under lend-lease, under U. N. R. R. A., and through private commercial channels. We allocate the available supplies and procure food abroad for use abroad, as in the case of relief for Greece. In addition, we review all foreign requirements for seed, fertilizer, farm equipment, and other supplies before they are submitted to W. P. B. and W. F. A. During the coming fiscal year we anticipate that most of these activities will increase considerably.

I should like to submit for the record a general statement on our food and agricultural program.

(The statement is as follows:)

FOOD AND AGRICULTURAL PROGRAM

As part of the plan for unifying foreign economic operations in the Foreign Economic Administration, the President, by Executive Order 9385, dated October 6, 1943, made provision for the transfer to that Administration of the foreign food

procurement operations formerly carried on by the Commodity Credit Corporation. In providing for this transfer, the President directed that procurement for import into this country is to be undertaken by the Foreign Economic Administration consistent with directives of the War Food Administration as to the quantities of food required. The Foreign Economic Administration, however, is solely responsible for the procurement of food abroad for use abroad, and with respect to the procurement of food for preclusive purposes. The efforts of this Administration to facilitate the production of food abroad were also to be conducted independently of the directive power of the War Food Administration.

Shortly thereafter, on October 29, 1943, in the course of the announcement by the President of changes in the Combined Food Board, it was stated:

"A strong food requirements and allocations mechanism in the War Food Administration will expedite food allocations. Under this arrangement the food requirements branch of the War Food Administration will present United States domestic claims for food and the newly created Office of Foreign Economic Administration will act as claimant agency for food for foreign account. In this way, the machinery for food allocation will be similar to the Requirements Committee of the War Production Board which makes allocations on the industrial side. The Food Requirements and Allocations Committee should prove to be a time saver in that there will be but one such committee on which claimants for food are represented. It will in this way simplify interagency relationships."

The Foreign Economic Administration is undertaking an entirely different type of program than was carried on by its predecessor agencies—the Office of Economic Warfare, the Office of Lend-Lease Administration, and the Office of Foreign Relief and Rehabilitation Operations. Not only is it required to exercise the functions performed by those agencies, but also it is required to assume the administrative responsibility for the conduct of the foreign production and procurement program formerly carried on by the Commodity Credit Corporation and to participate more fully in the process of allocating food for foreign account from both domestic and foreign sources. As the claimant for food for foreign account—commercial exports, lend-lease exports, and relief exports—the Foreign Economic Administration is under the necessity of developing an adequate organization and adequate personnel for determining requirements and making allocations to subclaimants much as the predecessor agencies of the Foreign Economic Administration had done in the case of nonfood commodities. To do this, it requires a different type of personnel than that employed by its predecessor agencies so that it can assume wider participation in the activities of the War Food Administration and the Combined Food Board with respect to foreign allocations.

Other factors are also changing the character of the activities of the Administration in the field of food and agriculture. Military successes are increasing the demands on the United Nations, and particularly the United States for food. As shipping improves and supply lines shorten the physical handicaps on the movement of lend-lease food to our allies decrease. Rehabilitation of agriculture in areas recaptured from the enemy becomes an urgent necessity if liberated peoples are to work and fight alongside our victorious troops and if long-continuing demands upon United States food supplies are to be avoided. The increased availability of shipping for the movement of foods from South America increases the tempo of procurement in that continent and makes it desirable to encourage production there to meet the needs for food in liberated Europe. In the liberated area of North Africa procurement under the difficulties obtaining in a secondary theater of war have been undertaken so as to improve the food supply of this Nation and its allies.

Shortly after the transfer to the Foreign Economic Administration on January 1, 1944, of the Commodity Credit Corporation personnel formerly engaged in the foreign procurement work of that Corporation, it was decided to integrate all the food and agricultural activities of the Administration in one office of food programs. Many factors made this step desirable. Most significant was the central importance of food and agriculture to the winning of the war and to the rebuilding of a peaceful world. Organizationally, it appeared necessary to recognize the importance of food and agriculture by centralizing responsibility for its management in a single well-staffed office.

The allocation of food, food facilities, and agricultural equipment and supplies is the most important available administrative tool in the management of the food and agricultural resources of the United Nations. The procurement of food, the encouraging of agricultural production, the supplying of food and agricultural supplies for lend-lease and relief, actions with respect to the commercial licensing

of food and agricultural supplies, the rehabilitation of agriculture in liberated areas, are all specialized applications of management decisions arrived at in the course of making allocations. Organizational recognition had to be accorded the central importance of the allocation function by integrating the other food and agricultural activities of the Administration with the organization and personnel performing the allocation function.

Of significance also was the necessity of centralizing the relationships of the Foreign Economic Administration with the War Food Administration and the Combined Food Board. The War Food Administration allocates and procures food for lend-lease and relief programs. It allocates the food available for export under commercial licenses. It allocates and procures some agricultural supplies for lend-lease and relief programs and allocates the same supplies for export under commercial export licenses. In the case of farm machinery, it is the largest single claimant before the War Production Board. The claims of the Foreign Economic Administration are examined by the War Production Board together with the claims of the War Food Administration.

The War Food Administration directs the Foreign Economic Administration as to the quantities and types of foods to be imported into this country. Once the foods have been imported, they are distributed consistently with allocations made by the War Food Administration. The War Food Administration is the domestic purchaser of many of the foods which have been imported by the Foreign Economic Administration.

Since the War Food Administration carries on much of its allocation work through a single system of committees, it was an urgent necessity that relationships with that Administration be centralized. The food and agricultural activities carried on by the Foreign Economic Administration had previously been widely scattered among the operating divisions of the several predecessor agencies. In many cases people working on food and agriculture were assigned to organizational units having responsibility for a wide variety of other activities. With the formation of the Office of Food Programs in the Foreign Economic Administration, all of these functions and personnel have been consolidated into one office.

The functions of the Office of Food Programs with respect to lend-lease and United Nations Relief and Rehabilitation Administration, and the licensing of exports are similar to the functions performed by the other commodity divisions of the Bureau of Supplies with respect to these programs.

The food procurement and production, however, can be understood only in relation to a variety of factors. Despite the relative self-sufficiency of the United States insofar as food is concerned, the United States has traditionally required the importation of a large number of food commodities. Notable examples are the tropical and semitropical beverages—coffee, tea, and cocoa, and many of the fats and oils, particularly those used for soap making and other industrial purposes.

Many of the fats and oils which we historically imported came from eastern areas which rapidly came under the domination of the enemy. Because of their importance to our domestic economy, particularly with industry geared to its wartime efforts, it became necessary to procure substitute fats and oils from areas in which our import trade did not traditionally operate. Thus, the United States was compelled to purchase copra from Ceylon and from the British and French South Pacific islands in place of the Philippine copra on which we so largely depended in the past. As transport from China was denied to us, it was necessary to procure tung oil from the Argentine. Despite increases in flax production in this country, our needs for linseed oil for paint and for shipment to the Russians as an edible oil were such that imports were necessary. The importance of the fats and oils procurement program involving the import of these and other fats and oils is indicated by the fact that of the total of \$125,500,000 expended for foods during the year 1943, \$71,000,000 were expended for fats and oils.

Imports of other commodities totaling \$56,400,000 were also effected during the calendar year 1943. The most important of these were tea, which totaled \$28,000,000; cocoa, which totaled \$11,500,000; coffee, which totaled \$5,000,000; and chickpeas, which totaled \$4,500,000.

The funds expended for the purchase of these products are preponderantly recoverable since the products are sold to private purchasers either in domestic or foreign markets. In some cases the products are sold to public agencies for use for lend-lease or other related purposes.

This procurement program has in nowise changed the character of United States imports. In peacetime, this country imported for consumption all of the items procured publicly in 1943.

The only direct food production programs carried on by the Administration are those embraced within the South Pacific project. In that project, foods are produced for use by our armed forces in the Pacific area. Such a project is necessary both to save shipping and to make certain fresh vegetables available to our armed forces which they would not otherwise have in their diet.

The other production efforts of the Administration have all been indirect in character. The efforts of the Administration in this direction have been to encourage the production of selected foods in foreign countries by working with the governments of those countries. These production efforts on the part of the Administration have been limited to stationing trained personnel in foreign countries so as to help in attaining the necessary production and to giving foreign governments, producers and importers priority and other assistance so that they might purchase machinery, seeds, and insecticides necessary to production. Of course, forward contracts for the purchase of food also have the effect of maintaining production at desirable levels.

The purpose of our production efforts has been to facilitate the production abroad of those commodities needed by this country which could not be produced in sufficient quantities in the United States so that they would be available for import into this country or into other United Nations areas.

In the Caribbean area the production program has also had the purpose of making that area more nearly self-sufficient from a food point of view so as to avoid a drain on the food supply of the United States and so as to avoid the use of valuable shipping in exporting foods to that area.

Mr. CROWLEY. Mr. Chairman, I do not think we have anything that is any more important than the Food Division.

The CHAIRMAN. Your employees in missions in foreign countries are carried on the rolls of the United States Commercial Company; is that right?

Mr. CROWLEY. Some are and some are not.

Mr. WIGGLESWORTH. Mr. Chairman, if I may, I wonder when this table is revised and submitted for the record, whether it might not be submitted as of May 1 instead of April 30?

Mr. Cox. I think that would help.

Mr. WIGGLESWORTH. So that the 162 additional employees would be shown as absorbed in each one of these units down the line.

Mr. Cox. We thought we would do that, and we also thought we would give it both ways; that is, the number of man-years for 1944 and the number of actual positions. I think it ought to be submitted on a comparable basis.

DOMESTIC PROGRAM SALARIES AND EXPENSES DISBURSEMENTS BY MONTHS

Mr. TABER. I think, Mr. Chairman, they ought to do the same thing that these other agencies have done. They should give us a month-by-month statement as to their disbursements by divisions, and their obligations, and the number of positions allocated and the number they actually have.

Mr. RILEY. We will do that for the record.

The CHAIRMAN. And you will give the positions by divisions?

Mr. CROWLEY. Yes.

(The information requested is as follows:)

Domestic program—Statement of obligation, fiscal year 1944

	Personal services	Travel	Transporta- tion of things	Com- muni- cation services	Rent and utility services	Print- ing and binding	Other con- tractual services	Sup- plies and ma- terials	Equip- ment	Total
1943:										
July.....	\$1,030,170	\$38,980	\$400	\$37,240	\$6,310	\$3,690	\$24,780	\$8,150	\$5,720	\$1,155,440
August.....	1,084,320	29,000	110	38,060	4,850	4,290	15,330	24,430	62,110	1,262,500
September.....	1,094,900	36,130	340	32,530	4,530	3,940	15,360	26,560	93,940	1,308,230
October.....	1,179,180	49,710	40	41,780	7,050	8,960	76,470	12,830	24,370	1,400,390
November.....	962,970	45,270	310	41,080	8,200	15,110	24,400	19,290	45,100	1,161,730
December.....	961,010	27,180	1,940	40,660	5,490	3,600	33,470	13,870	29,570	1,116,790
1944:										
January.....	1,160,950	24,910	70	47,810	5,810	2,120	42,600	3,450	10,670	1,298,390
February.....	979,440	38,130	260	29,610	7,950	10,690	101,710	15,150	8,690	1,191,630
March.....	1,028,280	42,780	770	30,480	11,000	6,970	59,890	5,700	18,100	1,203,970
April.....	960,800	50,528	1,200	41,517	6,699	8,214	44,455	13,002	40,993	1,167,408
May.....	960,800	50,000	1,000	41,500	6,600	8,200	44,450	12,990	40,500	1,166,040
June.....	960,800	49,000	899	41,500	6,400	8,200	44,450	12,990	40,500	1,164,739
Grand total.....	12,363,620	481,618	7,339	463,767	80,889	83,984	527,365	168,412	420,263	14,597,257

Domestic personnel—Comparative report, fiscal year 1944

Date	Office of Economic Warfare		Office of Lend-Lease Administration		Office of Foreign Relief and Rehabilitation Operations		Personnel transferred from other agencies	Foreign Economic Administration	
	Position ceiling ¹	Personnel actually employed	Position ceiling ²	Personnel actually employed	Position ceiling	Personnel actually employed		Position ceiling	Personnel actually employed
July 31, 1943.....	3,380	3,139	653	598	274	174			
Aug. 31, 1943.....	3,380	2,994	653	583	274	201			
Sept. 30, 1943.....	3,380	3,007	653	574	274	230			
Oct. 31, 1943.....	3,366	(2,970)	669	(690)	326	(278)	3 (45)	4,361	3,833
Nov. 30, 1943.....	3,366	(2,881)	669	(585)	326	(287)		4,361	3,753
Dec. 31, 1943.....	3,366	(2,847)	669	(572)	326	(284)		4,361	3,735
Jan. 31, 1944.....							4 (21)	4,361	3,865
Feb. 29, 1944.....								4,361	3,727
Mar. 31, 1944.....								3,800	3,812
Apr. 30, 1944.....								3,800	3,722
May 1, 1944.....							6 (162)	4,102	3,884

¹ 3,762 man-years, 1944 budget.² 646 man-years, 1944 budget.³ Transferred from Office of Foreign Economic Coordination to Foreign Economic Administration as of Oct. 1, 1943.⁴ 60 employees transferred to Foreign Economic Administration from U. S. Commercial Company, and 21 from Commodity Credit Corporation, as of Jan. 1, 1944.⁵ Includes 16 employees not subject to Public Law No. 149.⁶ 144 employees transferred to Foreign Economic Administration from Commodity Credit Corporation, and 18 from Office of Price Administration, as of May 1, 1944.

FOREIGN SERVICE PERSONNEL

The CHAIRMAN. Passing now to the chart on the following page you seem to have a total as of February 1, 1944, of 631, which you propose to increase, for 1945, to 848. Will you please go down the line and show us the increases and the necessity for them, and indicate the character of the personnel involved?

Mr. PAUL. The principal increase, the largest numerical increase, Mr. Chairman, is in the occupied areas where we have provided for a reserve of 100 people to meet the needs that we may be called upon by the military to carry out in those areas. We do not know the extent to which the military will call on us, or how soon they will call on us, nor exactly what they will ask us to do. They have already asked us to supply, I believe, 16 people for southern Italy and Sicily.

Mr. EMERSON. The request came in yesterday to double that figure.

Mr. PAUL. That is an indication of what we may expect. We are forced to use a figure there that is, frankly and openly, a guess, because we cannot predict the course of military events, nor how soon the military people will call on us to perform certain economic services for them.

The next substantial increase pertains to the London office; or rather that is shown at the foot of the page, an increase from 32 to 53. I think Mr. Stone could comment on that more accurately than I.

Mr. STONE. That is the Economic Warfare staff in the London office. The major factor here is in a field that also I think, probably should be discussed off the record.

The CHAIRMAN. You may discuss it off the record.

(Statement off the record.)

Mr. PAUL. The other substantial increases appear under the items for India, China, and the Middle East. In the case of India and China, the work again revolves around our economic-warfare activities. It is the counterpart in the Far East of what Mr. Stone has just described for London.

Our program, which is closely tied in with the war effort in the Far East is carried on by our staffs in India and China just as the work in London is carried on by the people we have been talking about for that area.

In the case of the Middle East, there is substantial activity there that is carried on through the "American Economic Mission Middle East." The flow of lend-lease and commercial supplies to the 18 territories that comprise that area and the distribution of those supplies within these territories are handled through what is known as the Middle East Supply Center. This is a combined American and British agency which, however, has been staffed principally by British employees in former years. In order to make sure that American interests are fully represented in that area, more people will have to be sent out there.

Mr. TABER. On that Middle East situation, you have a large increase there, almost double. It does not seem that you need to have all those people. It does not seem that your operation would expand to such an extent that all that increased personnel would be required.

Foreign Service Personnel Administrative Office

Country	Personnel actually employed as of Feb. 1, 1944				Personnel, 1945, man-years			
	Country nationals	United States citizens	Total	Salaries	Country nationals	United States citizens	Total	Salaries
Occupied areas.....								
South Pacific.....		20	20	\$91,900		100	100	\$449,111
North Africa.....		34	36	165,600		20	20	85,252
Madagascar.....	2	1	1	8,000	2	23	25	113,507
French West Africa.....		3	3	10,900		1	1	8,000
Belgian Congo.....		6	6	23,000	1	3	3	10,900
						5	6	20,604
Subtotal, liberated areas.....	2	64	66	299,400	3	152	155	687,414
Brazil.....	1	49	50	157,100	21	29	50	137,616
River Plate.....	3	13	16	55,500	3	13	16	50,800
Bolivia.....	14	16	30	79,714	14	16	30	74,434
Chile.....		9	9	35,700		9	9	35,700
Colombia.....		12	12	44,900		12	12	44,900
Ecuador.....	8	4	12	27,100	8	4	12	27,100
Peru.....	7	6	13	35,001	7	6	13	35,001
Venezuela.....	7	9	16	46,848	7	9	16	46,848
Guatemala.....	1	6	7	28,200	1	7	8	28,200
Costa Rica.....	1	1	2	7,000	1	1	2	7,000
Dominican Republic.....	11	1	12	24,320	10	2	12	24,320
Haiti.....	7	1	8	15,860	3	5	8	15,860
Cuba.....	9	2	11	28,280	9	2	11	28,280
Mexico.....	28	10	38	87,655	28	10	38	92,755
Subtotal, pan-American areas.....	97	139	236	673,178	112	124	236	648,814
London (Economic Affairs).....	45	20	65	227,277	45	32	77	280,177
Australia.....	14	9	23	68,965	14	9	23	70,766
New Zealand.....	2	2	4	17,392	4	2	6	20,762
India.....	15	16	31	93,140	20	31	51	185,140
South Africa.....	5	4	10	30,000	6	4	10	34,170
British West Africa.....	5	4	9	22,630	5	4	9	22,630
Union of Soviet Socialist Republics.....	16	19	35	20,410	16	19	35	20,420
Iceland.....	1	2	3	8,820	1	2	3	8,820
China.....	20	21	41	126,700	43	60	103	371,644
Subtotal, general areas.....	126	87	213	619,965	154	153	307	1,017,529

16 Army officers on detail to Foreign Economic Administration

Foreign Service Personnel Administrative Office—Continued

Country	Personnel actually employed as of Feb. 1, 1944				Personnel, 1945, man-years			
	Country nationals	United States citizens	Total	Salaries	Country nationals	United States citizens	Total	Salaries
American Economic Mission, Middle East.....	25	39	64	\$234,940	47	97	144	\$120,370
Balkan supply.....		3	3	14,800	12	18	30	122,600
Saudi Arabia.....						3	3	14,800
Ethiopian Tech.....						7	7	50,500
Mozambique.....		1	1	3,800		1	1	6,500
Portugal.....		4	4	15,640		1	1	6,500
Spain.....		1	1	6,500		1	1	6,500
Sweden.....		1	1	6,000		1	1	6,500
Turkey.....	4	6	10	24,850	4	6	10	26,404
London (Economic Warfare).....	4	28	32	134,633	4	49	53	253,369
Subtotal, special areas.....	33	83	116	441,163	37	184	221	913,243
Grand total.....	258	373	631	2,033,706	306	613	919	3,267,000
Less lapses.....					20.5	50.5	71	
Net man-years.....					285.5	562.5	843	

Mr. PAUL. Cairo is already the center from which the economic work that will follow the Balkan campaign will be carried on. The work that is being done on requirements of an economic nature that will follow the Balkan campaign——

Mr. TABER. You have a set-up there of 30 people for the Balkan supply separate from the Middle East.

Mr. PAUL. Yes. The Balkan supply belongs under the same general heading.

Mr. TABER. Does that mean the things you expect to buy from the Balkans?

Mr. PAUL. It does not only mean the things we expect to buy. It is the work done on the requirements for goods to be shipped into that area following occupation. There is some procurement that will be done in all the occupied areas.

Mr. TABER. This is an U. N. R. R. A. operation?

Mr. PAUL. It is a service for U. N. R. R. A., for the Army, and for F. E. A. in guiding us on the needs of what is going into the area.

Mr. CROWLEY. Some of the work has to do with transactions in which these countries want to pay us in cash for the things they get from us.

Mr. PAUL. The service pertains to all merchandise that goes in there, including supplies that will be delivered against cash.

Mr. WOODRUM. What kind of set-up has Great Britain in these places comparable to your outfit?

Mr. PAUL. Great Britain in the Middle East uses the United Kingdom Commercial Corporation, which is a semigovernmental corporation. They have a staff that I believe is in excess of 1,000 persons in the Middle East countries. That includes not only the Cairo office but all the countries of the Middle East surrounding that area. I think they have outnumbered the United States personnel perhaps by 10 to 1 up to the present time. Even with the personnel contemplated for next year they will continue to outnumber our personnel by probably 5 to 1.

Mr. TABER. They do not conflict with your activities, do they? They are not in competition with you, or anything of that kind at the present time?

Mr. COX. May we say something off the record?

(Discussion off the record.)

The CHAIRMAN. As a matter of fact, is not some of this to determine our lend-lease requirements? Is it not advisable to have our own personnel on the ground?

Mr. PAUL. Yes.

Mr. CROWLEY. Might I say this, that I think if we could make an actual survey comparing the number of our people with Great Britain's, I think that they would outnumber us several times.

The CHAIRMAN. Have you concluded?

Mr. PAUL. Yes.

The CHAIRMAN. I take it for granted that this personnel you have just been discussing is included in the 4,180 shown on the second page.

Mr. CROWLEY. No; that includes domestic personnel only.

Mr. WIGGLESWORTH. This foreign personnel we have just been discussing is the entire personnel of the F. E. A. as such abroad?

Mr. CROWLEY. It includes everyone except United States Commercial Company people engaged in commercial work and things like that.

Mr. WIGGLESWORTH. Over and above this figure there is personnel in United States Commercial Company or some of these other corporations or projects or programs that are paid for out of R. F. C. money.

Mr. CROWLEY. There are employees in United States Commercial Company who are going in the jungles and getting materials out and things like that, but they are not policy making people or administrative people. They will be charged directly to the cost of procuring the goods.

Mr. WIGGLESWORTH. That is paid for by United States Commercial funds?

Mr. CROWLEY. That is right.

Mr. WIGGLESWORTH. Which is R. F. C. money?

Mr. CROWLEY. That is right.

Mr. WIGGLESWORTH. Is there any other comparable personnel.

Mr. CROWLEY. We have Rubber Development Corporation.

Mr. WIGGLESWORTH. You have Petroleum Reserve, Rubber Development and Cargoes, Inc.

Mr. CROWLEY. There has been no money spent for the Petroleum Reserves Corporation, to speak of. It is a very small organization. That money was gotten from the R. F. C. when the Corporation was set up.

Mr. WIGGLESWORTH. How about Rubber Development and Cargoes, Inc.?

Mr. RILEY. Rubber Development was set up for the development and procurement of rubber in Brazil, and has been operating with funds from the R. F. C.

Mr. WIGGLESWORTH. Are there not some projects or programs under your general function of procuring materials that we need abroad which have personnel in addition to that?

The CHAIRMAN. We will be turning to those in the next item.

Mr. WIGGLESWORTH. There is personnel over and above what we are considering?

Mr. RILEY. No; only Export-Import Bank which will be discussed later.

The CHAIRMAN. We will turn to appropriations and obligations, the second half. Your other obligations seem to be mostly reductions.

Mr. CROWLEY. That is right.

CONFIDENTIAL INTELLIGENCE

The CHAIRMAN. Take, for example, your confidential intelligence. You have reduced it from \$2,012,131 to \$500,000. What is involved there? It is a very material reduction. It is on a rather important subject.

Mr. RILEY. I would like this to be off the record.

(Discussion off the record.)

The CHAIRMAN. How much has been used up to this time?

Mr. RILEY. Only a few thousand dollars, but the Army at the present time has indicated that between now and June 30 they may want to have a total of as much as \$2,000,000 put into that program.

The CHAIRMAN. Have you obligated more than you have used at this time?

Mr. RILEY. The \$2,012,000 which I just mentioned is indicated in our budget as a 1944 obligation, but most of it has not yet been used.

The CHAIRMAN. What are you going to do with this \$500,000?

Mr. RILEY. The \$500,000 is for confidential war activities in 1945.

The CHAIRMAN. Confidential war activities?

Mr. RILEY. Yes; where it is necessary to obtain information, confidential information, and to make confidential investigations—primarily in connection with our economic warfare work, it is estimated that \$500,000 will cover the cost of that sort of activity during the year.

MISCELLANEOUS SERVICES PERFORMED BY OTHER GOVERNMENTAL AGENCIES

The CHAIRMAN. The next item is for miscellaneous services performed by other governmental agencies. It is reduced from \$3,913,469 to \$1,597,456. You might include a break-down here, if you will—what agencies, what services they perform, and how much for each.

Mr. RILEY. During the year 1944 there was a total of \$38,078 estimated as being obligated, and during the coming fiscal year there is an estimated requirement of \$45,000 for the survey of foreign experts. This is an arrangement by which individuals coming from foreign countries to this country who may have information of considerable value on our economic war activities, or on other parts of our program, are interviewed and questioned relative to matters that they have had some connection with, or about which they may have had some knowledge in the other parts of the world.

Mr. WIGGLESWORTH. What agency does that work?

Mr. STONE. The Office of Strategic Services. Most of the intelligence agencies that are interested in covering technically informed foreigners, in particular, jointly supervise this particular project so as not to have duplication.

Mr. WIGGLESWORTH. And are reimbursed?

Mr. STONE. Yes.

Mr. REILLY. In connection with the \$20,000 request for miscellaneous services for 1945, that is merely to cover possible demands or requests that may be made on various governmental agencies for information. This year these miscellaneous services were handled as working funds and \$49,988 is estimated to be obligated. In many cases agencies are furnishing services to us without reimbursement, but some of them felt that with the continuation during the coming year it would be fairer to them to provide for reimbursement.

As to the working funds, the first one is for the Department of the Interior, a total of \$20,403 during the current year. The same amount is asked for during the coming year for payment of salaries of civilian employees who have been interned by the enemy. There is a statutory provision requiring the maintenance of the accounts of salaries for interned employees. This is done for us by the Department of the Interior.

The Bureau of Foreign and Domestic Commerce has during the current year obtained by transfer from F. E. A. a total of \$936,060, and it is estimated that during the coming year a total of \$935,621 will be required. Arrangements were made prior to the current

fiscal year for a great deal of statistical work to be done by the Bureau of Foreign and Domestic Commerce for B. E. W. That arrangement has been continued during the current year. The work includes provision for basic information on exports from the United States. We do not duplicate what they do in the matter of getting up export information, furnishing statistics on the trade of foreign countries, making studies of the products in the trade of various foreign countries, furnishing information to exporters through the Department of Commerce field offices on the export regulations and control measures of the F. E. A., and the provision of miscellaneous economic data from foreign countries as requested.

During 1944 there was provision for \$125,000 for the Tariff Commission. It is estimated that only \$50,000 will be required for this purpose during the coming fiscal year. The Tariff Commission prepares studies of production methods and practices, industrial organizations, sources of raw materials, and trade and marketing practices of the various foreign countries and procures information necessary in the development of F. E. A. programs.

During 1944 there was provision for transferring to the Library of Congress \$4,000. There is a request for \$2,432 during the coming year. That is to cover the cost of preparation of the bibliographies and reference lists which are used in connection with economic warfare analysis activities.

Mr. WIGGLESWORTH. Foreign bibliographies?

Mr. STONE. Many problems arise that require detailed information which we can get quickly and accurately by resorting to the Library and its facilities.

Mr. RILEY. During the current fiscal year there was a provision for \$270,000 for the Department of Justice. There is a request for a like amount during the coming fiscal year. There has been an arrangement whereby the Department of Justice has been doing a substantial amount of work on cartels.

Mr. WIGGLESWORTH. I cannot see why we cannot have this statement submitted for the record.

The CHAIRMAN. We will be glad to have the statement included at this time.

(The statement requested is as follows:)

Special projects performed by other agencies

	1944	1945
Reimbursements		
Survey of foreign experts.....	\$38,078	\$45,000
Miscellaneous.....	(1)	20,000
Total.....	38,078	65,000
Working funds		
Department of the Interior.....	20,403	20,403
Bureau of Foreign and Domestic Commerce.....	936,060	935,621
Tariff Commission.....	125,000	50,000
Library of Congress.....	4,000	2,432
Department of Justice.....	270,000	270,000
Department of State.....	2,000,000	-----
Bureau of Standards.....	100,000	-----
Department of Commerce.....	27,000	40,000
Securities and Exchange Commission.....	100,000	150,000
Bureau of the Census.....	134,700	-----

See footnote at end of table.

Special projects performed by other agencies—Continued

	1944	1945
Working funds—Continued.		
Central Administrative Services.....	\$25,000	-----
Office of Censorship.....	19,240	-----
Miscellaneous.....	49,988	(1)
Total.....	3,811,391	\$1,468,456
Transfers Geological Survey.....	64,000	64,000
Total, special projects.....	3,913,469	1,597,456

¹ Miscellaneous working funds in fiscal year 1944 to be handled by reimbursement in fiscal year 1945.

SPECIAL PROJECTS PERFORMED BY OTHER AGENCIES

Where other agencies are specially equipped to furnish necessary services, it is the policy of the Foreign Economic Administration to utilize these agencies rather than create duplicating staffs. The financial arrangements vary; some agencies receive reimbursement for services performed, others are furnished a working fund at the beginning of the fiscal year on which they may draw to pay the cost of the services rendered, and one agency is transferred money by transfer appropriation warrant.

Reimbursements:

1944.....	\$38,078
1945.....	65,000

Office of Strategic Services, Survey of Foreign Experts:

1944.....	\$38,078
1945.....	45,000

The Foreign Economic Administration, together with the Office of Strategic Services, operates the Survey of Foreign Experts, which obtains and compiles current economic intelligence information from refugees and other foreigners regarding foreign countries. This work is essential to economic warfare activities, bombing objective work, and future operations in areas to be liberated. Located in New York, where most persons possessing recent information are available, the joint project avoids the maintenance of duplicating staffs. Its reports are made available to other United States agencies and the British.

Miscellaneous, 1945..... \$20,000

Many of the demands upon the services of other agencies arise unexpectedly and cannot, therefore, be arranged in advance. The sum of \$20,000 is included to cover the cost of such services. In 1944 close to \$50,000 was utilized for comparable projects, but such expenditures were handled as working funds.

Working funds:

1944.....	\$3,811,391
1945.....	1,468,456

U. S. Department of the Interior:

Working fund, 1944.....	20,403
Estimated, 1945.....	20,403

This working fund is established in accordance with Public Law 490, Seventy-seventh Congress (act of March 7, 1942), which requires that salaries of civilian employees reported interned by the enemy continue to be credited to their accounts. These accounts are maintained by the Department of the Interior for former Foreign Economic Administration employees.

Bureau of Foreign and Domestic Commerce:

Working fund, 1944.....	\$936,060
Estimated, 1945.....	935,621

This fund is established to provide for the continuation of the joint operating agreement of December 1941 between the Board of Economic Warfare and the Bureau of Foreign and Domestic Commerce as well as the services provided to the Lend-Lease Administration. The work includes: (a) Provision of basic

information on exports from the United States; (b) furnishing statistics on the trade of foreign countries; (c) making studies of the production and trade of various foreign countries; (d) furnishing information to exporters through the Department of Commerce field offices on the export regulations and control measures of the Foreign Economic Administration; (e) provision of miscellaneous economic data on foreign countries as requested.

U. S. Tariff Commission:

Working fund, 1944.....	\$125, 000
Estimated, 1945.....	50, 000

The Tariff Commission prepares studies of production methods and practices, industrial organization, sources of raw materials, and trade and marketing practices of various foreign countries—important to all of Foreign Economic Administration's programs.

Library of Congress:

Working fund, 1944.....	\$4, 000
Estimated, 1945.....	2, 432

The Library of Congress prepares bibliographies and reference lists which serve as the first step, for example, in the investigation of economic warfare analysis problems. In this way the extensive resources of the Library as they relate to particular problems are catalogued for the use of the Foreign Economic Administration.

U. S. Department of Justice:

Working fund, 1944.....	\$270, 000
Estimated, 1945.....	270, 000

The Department of Justice will serve as the central research agency for information on international cartels. The Foreign Economic Administration requires information of this character in carrying out programs involving commodities covered by cartel arrangements.

U. S. Department of State:

Working fund, 1944.....	\$2, 000, 000
Estimated, 1945.....	None

The Auxiliary Foreign Service prepared requirements for imports into foreign countries from the United States. In the fiscal year 1945 this work will be financed from State Department appropriations.

Bureau of Standards:

Working fund, 1944.....	\$100, 000
Estimated, 1945.....	None

DATA WITH REPECT TO OTHER TRANSFERS FURNISHED THE COMMITTEE

RUBBER DEVELOPMENT CORPORATION OPERATIONS

Mr. CROWLEY. I would like to say this: We are not asking for any appropriation for Rubber Development Corporation, but if the committee would like we would be very happy to furnish you with information about its operations. Its operations, as you know, have included going into the Amazon Valley to get out rubber. There has been a lot of discussion as to how much that rubber was costing per pound, but they have really done a fine job with a very, very difficult problem. It looked at one time to be almost impossible, but they are getting out rubber. They are getting out more rubber than their budget called for. We will be glad to give you this information so that you will know all the corporate operations that we have under our jurisdiction.

Mr. TABER. I think we ought to have it.

The CHAIRMAN. You may include the statement at this point. (The statement requested is as follows:)

RUBBER DEVELOPMENT CORPORATION

Rubber Development Corporation is organized under the laws of Delaware and all the outstanding capital stock is owned of record by the Reconstruction Finance Corporation. Prior to the establishment of Rubber Development Corporation the procurement and development of both natural rubber abroad and synthetic rubber in the United States was vested in the Rubber Reserve Company, a subsidiary of the Reconstruction Finance Corporation. In April 1942 all foreign procurement activities of Rubber Reserve Company were made subject to the directives of Bureau of Economic Warfare. Early in February 1943 the rubber director terminated the jurisdiction of Bureau of Economic Warfare over the procurement and development of natural rubber. On February 20, 1943, it was designated as the agency of the United States Government to carry on the development and procurement of natural rubber from sources outside the continental United States.

By Executive Order No. 9380, dated September 25, 1943, Rubber Development Corporation was transferred to the Foreign Economic Administration. Under procedures established by the Administrator, Rubber Development Corporation is operating as an independent corporate entity under the direct supervision of the Administrator who is also the chairman of its board of directors.

The officers and directors of the Corporation are:

Directors: Leo T. Crowley, Douglass H. Allen, John W. Bicknell, H. Clay Johnson, Paul F. Linz, Paul H. Nitze, Warren Lee Pierson, Francis A. Truslow, Frederick W. Utz.

Officers: Leo T. Crowley, chairman of the board; Douglass H. Allen, president; John W. Bicknell, executive vice president; S. M. McAshan, vice president; Frederick W. Utz, vice president; Francis A. Truslow, vice president; D. C. Carnes, assistant vice president; R. B. Bogardus, assistant vice president; George H. Huber, secretary; Raymond J. Consley, assistant secretary and assistant general counsel; H. Clay Johnson, general counsel; James L. Dougherty, assistant general counsel in charge of litigation; W. C. Beck, Jr., treasurer; F. J. Farrington, assistant treasurer; Nathaniel Royall, chief auditor.

As a result of the Japanese invasion of the rubber-producing areas of the southwest Pacific, the United States was cut off from 90 percent of the world sources of natural rubber. Although our domestic production of synthetic rubber has been greatly expanded during the war, a substantial supply of natural rubber must be maintained. The program conducted by the Rubber Development Corporation is aimed at increasing rubber production in the remaining available natural-rubber areas and curtailing rubber consumption in those areas through cooperative action with their governments.

Apart from India, Ceylon, and certain African sources, the only remaining sources of any importance are Liberia, the wild rubber trees scattered throughout the jungles of Central and South America, and the wild guayule shrubs of Mexico. Procurement of rubber has therefore depended upon reviving the wild-rubber industry of the Western Hemisphere and encouraging increased plantation production in Liberia.

The program varies somewhat from country to country, but in general the underlying procurement contracts provide that the producing country will encourage a maximum production of rubber with the aid of Rubber Development Corporation; curtail the local use of rubber as far as possible; require its citizens to sell all exportable surpluses of rubber to the Rubber Development Corporation until December 31, 1946, and observe a fixed price for sales of rubber during the period of the agreement. In return the Rubber Development Corporation has agreed to purchase at the established price all of the exportable surplus of rubber produced; to aid in encouraging rubber production through technical assistance, financial help, and development projects, and to use its best efforts to assure that the essential requirements of each country for rubber products will be satisfied.

The Corporation has established field offices and technical personnel in the various rubber-producing countries to provide technical instruction and assistance in rubber tapping and processing operations and to purchase and ship the rubber. In some instances the Corporation has had to provide facilities for the improvement of transportation, as well as food supplies and production equipment in remote areas where they were not otherwise available. The Corporation has also participated with the countries involved in local operations to make the establishment of rubber-gathering enterprises possible.

All rubber brought to the United States by the Rubber Development Corporation is sold to the Rubber Reserve Company, a subsidiary of the Reconstruction Finance Corporation, which acts under the supervision of the Rubber Director,

at a price which compensates the Corporation for the expenses incurred in its procurement and development program. The rubber is then distributed in the United States in accordance with the directives of the Office of the Rubber Director.

The following table shows American imports of rubber from areas now available to us during 1941—the year prior to the commencement of the rubber-procurement program—and during the years 1942 and 1943, in which the program has been operative. The table also shows the rubber content of tires and tubes acquired by the Rubber Development Corporation and shipped into the United States as part of its program. The figures are after retention by certain of the producing countries of stipulated quantities to supply their essential needs.

Rubber imported from program countries

[Shipping weights=long tons]

	1941	1942	1943
United States imports:			
Western Hemisphere, chiefly wild rubber:			
Amazon countries.....	4, 779	5, 872	12, 990
Mexico, guayule.....	4, 881	5, 548	7, 678
Central America.....	88	630	2, 315
Other America.....	1, 040	2, 441	3, 211
Salvaged rubber.....		55	361
Total American.....	10, 788	14, 546	26, 555
Liberia: Plantation rubber.....	7, 293	9, 897	13, 656
Total crude rubber.....	18, 081	24, 443	40, 211
Rubber content of tires and tubes shipped to United States from Brazil and Mexico.....		483	1, 815
	18, 081	24, 926	42, 026
Rubber content of tires and tubes acquired in Latin America.....		2, 765	2, 846

The significance of an importation of 64,654 long tons of rubber during 1942 and 1943 becomes apparent from Progress Report No. 5, issued by the Rubber Director on March 17, 1944. Total stocks of natural rubber in the United States and Canada were listed in that report as 147,000 long tons, as of December 31, 1943. The report estimates that total stocks of natural rubber on December 31, 1944, will be 55,000 long tons, after giving effect to 1944 importations. In other words were it not for the imports of natural rubber from these program countries, our stock pile would be completely depleted before the end of the year. The vast synthetic-rubber program is dependent upon the obtaining of all available natural rubber because, despite great advances in the technology of synthetic rubber, natural rubber is still required for use with synthetic in certain types of heavy-duty and combat tires.

Another objective is the reduction of the consumption of rubber and rubber goods in the rubber-producing countries. Estimates indicate that these countries consumed domestically 20,800 long tons in 1941, the year preceding the procurement and conservation program, and 13,800 long tons in 1942, and 1,200 long tons in 1943, the 2 years in which the program has been operative. A search has been made for quick-growing rubber-bearing plants as an additional source of natural rubber within the time limitation imposed by war. Of the various plants considered, *Cryptostegia* appeared the most promising. Pursuant to a directive from Board of Economic Warfare on October 7, 1942, Rubber Reserve Company on October 26, 1942, entered into a contract with Shada, an agency of the Government of Haiti, which provided for planting, cultivating and harvesting of *Cryptostegia* by Shada on leased land, these operations being financed by Rubber Development Corporation under agreed budgets. About 40,000 acres of *Cryptostegia* have been planted to date.

Rubber Development Corporation has recently canceled this contract and is negotiating a new agreement looking toward a return of the leased land to the present owners with the exception of the Gonaives experimental station and several other experimental areas which Shada will continue to operate on behalf of Rubber Development Corporation. The proposed agreement further contemplates that Rubber Development Corporation will undertake to purchase from Shada until December 31, 1946, all rubber produced in Haiti at the same prices as may be currently paid by Rubber Development Corporation in other producing countries of the Western Hemisphere for comparable grades and qualities of

rubber. This arrangement will relieve Rubber Development Corporation of any further financial responsibility for the continuance of this project.

The gross disbursements of Rubber Development Corporation (including all disbursements in the natural-rubber procurement program of its predecessor, Rubber Reserve Company) for the wild-rubber program in the Western Hemisphere from April 1, 1942, to December 31, 1943, amounted to \$81,297,978.41. These disbursements represent the gross amount expended for all program purposes to that date. This figure includes the cost of rubber purchased without allowance for recoveries on resale to Rubber Reserve Company. It includes all capital expenditures for buildings, airplanes, boats, etc., without allowance of any worth for the property obtained. It includes loans made without any allowance for repayments. It includes cost of supplies, equipment, and foodstuffs purchased for resale without allowance for receipts on resale. It also includes all development expenditures and operating and administrative expenses, and all other applicable gross disbursements, including cash on hand in foreign countries.

These gross disbursements were distributed as follows:

Period	Amazon coun-tries	Other countries	Total
Apr. 1 to Dec. 31, 1942-----	\$14, 780, 535. 65	\$4, 174, 168. 61	\$18, 954, 704. 26
Jan. 1 to Dec. 31, 1943-----	46, 824, 655. 93	15, 518, 618. 22	62, 343, 274. 15
Total-----	61, 605, 191. 58	19, 692, 786. 83	81, 297, 978. 41

In addition, expenditures to December 31, 1943, on the experimental project for the cultivation of the rubber-bearing shrub *Cryptostegia* in Haiti amounted to \$5,336,753.40.

Rubber Development Corporation also expended to December 31, 1943, \$13,310,923.87 in the direct purchase of rubber in Liberia, practically all of which came from the Firestone plantations.

PETROLEUM RESERVES CORPORATION AND CARGOES, INCORPORATED

Mr. WIGGLESWORTH. Could we have a similar statement on the Petroleum Reserves Corporation and Cargoes, Incorporated?

Mr. CROWLEY. I will give you the Petroleum Reserves picture now.

That is the Corporation concerned with the much-discussed pipe line. Its directors are Mr. Hull, Mr. Forrestal, Mr. Stimson, Mr. Ickes, and myself. There have been negotiations for this pipe line, and I think it is the general attitude of the board of directors to wait until after the Senate has had an opportunity to have a full hearing on that proposal before anything is done. There has been no expense there—only a very, very nominal expense for a few employees.

Mr. TABER. What about the story of this prince getting \$25,-000,000?

Mr. CROWLEY. I do not think that our total expense in Petroleum Reserves has been—

Mr. RILEY. Not over \$50,000, and that is all Washington office departmental expense.

Mr. TABER. There will be no final contracts concluded until after the Senate investigation?

Mr. CROWLEY. So far as I am concerned, I certainly would not do it, and I am the one that controls the funds, until after the Senate has completed its hearings. I think we should wait and see what their wishes are in the matter.

(The statement requested is as follows:)

PETROLEUM RESERVES CORPORATION

The Corporation was created on June 30, 1943, pursuant to the authority contained in section 5d of the Reconstruction Finance Corporation Act as amended, at the request of the Secretary of Commerce with the approval of the President.

Its prime object is to protect and secure the interests of the United States in resources of crude petroleum located outside this country and to aid in the production and transportation of such petroleum products. The total authorized capital stock of the Corporation is \$1,000,000 but none has been issued to date.

By Executive Order No. 9380, dated September 25, 1943, the Corporation was transferred to the Foreign Economic Administration. This order provides for its financing through Reconstruction Finance Corporation funds.

Shortly after the formation of the Petroleum Reserves Corporation, \$100,000 was borrowed from Reconstruction Finance Corporation and was placed to the credit of this Corporation. The only disbursements to date have been for administrative expenses.

The officers and directors of the Corporation are:

Board of directors: Cordell Hull, Secretary of State; Henry L. Stimson, Secretary of War; James Forrestal, Secretary of Navy; Harold L. Ickes, Secretary of Interior, and Leo T. Crowley, Administrator of Foreign Economic Administration.

Officers: Harold L. Ickes, President; Gordon M. Sessions, Assistant to the President; vacancy, Executive Vice President; Henry W. Riley, Treasurer; A. J. Plant, Assistant Secretary and Assistant Treasurer; Edward B. Swanson, Secretary; vacancy, General Counsel, and Loretto F. Houlihan, Administrative Assistant.

The employees of the Corporation are: Chief, Accounting Division, Administrative Assistant, three secretaries, one messenger, and, in addition, there are technical consultants who are paid a fixed per diem fee only when actually and exclusively engaged in the business of the Corporation. As of February 28, 1944, the Corporation's expenses totaled \$30,527.73, leaving a balance of \$69,472.27 of the \$100,000 originally advanced by the Reconstruction Finance Corporation.

Acting upon the recommendation of the War Department, Navy Department, Joint Chiefs of Staff, and the Army-Navy Petroleum Board and with the approval of the Department of State and the President, the Arabian American Oil Co., Gulf Exploration Co., and Petroleum Reserves Corporation entered into an agreement in principle dated January 24, 1944, under which the United States Government would construct a pipe line for the transportation of petroleum from the Persian Gulf area to a point on the eastern shores of the Mediterranean and would obtain in that area reserves of 1 billion barrels of oil. The agreement in principle provides that the oil companies agree to perform at actual cost any work or services which the Government will request in connection with this project. The charges to be made by the Corporation for pipe-line services will include, in addition to current maintenance and operating cost, an amount sufficient to amortize within a period of 25 years, the entire investment, together with interest and such net return to the Government as may be agreed upon in the definitive contract. These costs which are to be amortized will include the cost of operations of a pipe-line corporation to be formed, and whatever costs of administration of the Petroleum Reserves Corporation are applicable to this project. It is the intent that the Government will be paid in full within a 25-year period.

The companies have agreed to maintain a reserve of a billion barrels of crude oil, or 20 percent of the recoverable oil content if total proved reserves are found to be less than 5 billion barrels. The Government shall have the right to purchase for a period of 50 years for the military forces the 1 billion barrels of reserved crude oil at 30 million barrels per year, at a discount of 25 percent below market price. The Government may purchase more than 30 million barrels during any calendar year upon reasonable notice to the companies, and in times of war or national emergency the Government shall have the first option to purchase all of the crude petroleum produced by the companies and all products produced therefrom.

Final contracts are now in the course of preparation.

The Petroleum Reserves Corporation is the agency acting on behalf of the United States Government. The Arabian American Oil Co., a Delaware corporation, whose stock is owned equally by the Standard Oil Co. of California and The Texas Co., holds oil and gas concessions in Saudi Arabia aggregating 160 million acres and in which vast reserves of oil have been discovered. The Gulf Exploration Co., a wholly owned subsidiary of the Gulf Oil Corporation, is the holder of one-half of the capital stock of the Kuwait Oil Co., a British corporation, which holds an oil and gas concession embracing the entire Shiekhdom of Kuwait. This company has discovered and developed proven oil and gas reserves in this area estimated to exceed 4 billion barrels. Experts state that the indicated oil reserves in Kuwait may be as high as 8 billion barrels. The size, location, capacity

and terminal points of the proposed pipe-line system are to be determined by the Government. The problem is under consideration and no determination has been made.

CARGOES, INCORPORATED

This Corporation was originally organized privately in the name of Ships, Incorporated, to build an experimental cargo vessel with shallow draft and multiple small engine known as the *Sea Otter*. Ships, Incorporated, became inactive when the *Sea Otter* was abandoned by the Navy Department. The Office of Lend-Lease Administration took over the corporation in June 1942, under the President's directive that Lend-Lease proceed with a redesigned *Sea Otter*, or *Seamobile*.

All of the capital stock of Cargoes, Incorporated, was purchased by the Reconstruction Finance Corporation for \$101,000 allocated by Lend-Lease for the purpose. Reconstruction Finance Corporation holds the stock for the account of Lend-Lease, as beneficial owner.

The board of directors consists of the following persons: Mr. Oscar Cox, Foreign Economic Administration; Mr. Lewis W. Douglas, War Shipping Administration; Brig. Gen. John M. Franklin, War Department; Mr. J. M. Juran, Foreign Economic Administration; Mr. Gerard B. Lambert, War Production Board; Mr. Isador Lubin, Executive Office of the President; Mr. Richard W. Seabury, War Shipping Administration; Mr. Fred Searls, Jr., Office of War Mobilization; and Mr. Adlai E. Stevenson, Navy Department.

Mr. Seabury, Mr. Lambert, and Mr. Juran are president, vice president, and secretary-treasurer, respectively. George W. Ball, of the Foreign Economic Administration legal staff, is general counsel, and Joseph Carr, of the War Shipping Renegotiation Board, is comptroller.

Seamobile I was launched on June 19, 1943, and following completion in the fall of 1943, was transferred by Cargoes, Incorporated, to the War Shipping Administration. War Shipping has, in turn, chartered the vessel to the Reinauer Transportation Co., which has operated the vessel as a tanker along the east coast where *Seamobile I* has turned in a highly satisfactory performance.

Construction of additional Seamobiles has been considered by the various interested Government agencies, but to date no further construction has been authorized. One of the principal reasons has been the shortage of small Diesel engines arising from the landing-barge program.

The cost of this experimental *Seamobile I* is not yet fully determined, but will be under \$1,250,000.

In the summer of 1943, Cargoes, Incorporated, made a contract with the Fleetwings Division of Kaiser Cargo, Incorporated, for the construction of two experimental helicopters. The purpose was to develop a type of helicopter best adapted to protect cargo ships against submarine attack. This development greatly stimulated the interest and effort on the part of all organizations in using helicopters for such purposes, and greatly stimulated the production of helicopters generally.

One of the Kaiser helicopters is completed and has undergone some of its tests. It will be turned over to the Munitions Assignment Board (Air) for assignment to the Coast Guard.

The uncompleted helicopter will be turned over, at the request of the Army, to the Guggenheim School of Aeronautics, Princeton University, for aerodynamic and other tests.

The over-all cost of these helicopters will be less than \$350,000.

Cargoes, Incorporated has considered numerous other special projects relating to wartime cargo deliveries, mostly involving marine transportation. As might be expected, the great majority of projects presented have been impractical and have been rejected. In two instances the projects looked very promising and they were, therefore, adopted and funds were allocated to pursue them.

One of these two projects was the development of a special auxiliary tug designed to combat submarine attacks. Lend-Lease allocated \$6,900,000 to Cargoes, Incorporated for the production of six of the tugs. However, conditions changed radically, and further engineering and design studies developed serious difficulties as to the practicability and the probable performance of the vessels. The project was accordingly canceled. The cost of the work done on the project, including liquidation expenses, will be under \$400,000.

The other such project was the development of a catamaran submarine spotter for which the sum of \$500,000 was allocated. Examination of the contractor's preliminary engineering and design work convinced the Board that the project was not likely to succeed. The final cost of the work done on the project and its

liquidation totals \$41,521.98. The Corporation has already returned to Lend-Lease \$450,000 of the \$500,000 originally allocated for this purpose.

Total allocations to Cargoes have been \$9,266,000 of which \$6,965,000 have been returned to Lend-Lease, and \$1,690,440 have been spent and \$610,560 are on hand as of March 31, 1944.

The CHAIRMAN. Are there any further questions of Mr. Crowley before we excuse him?

Mr. TABER. Does that finish everything you had in mind?

Mr. CROWLEY. Except this. I want to thank you gentlemen. This has been my first experience before an appropriations committee. You have been very thorough and courteous to us. No matter what you decide to do, I know that at least you have given us the opportunity to present to your committee a full explanation. I want to thank you for it.

Mr. WOODRUM. You know there was not anything personal in this and that we did not have anything against you personally.

The CHAIRMAN. You have done a great deal better than many veterans, but I attribute that somewhat to this: not only to your exceptional ability, but to the fact, as has been said on good authority, "Thrice armed is he whose cause is just."

Mr. CROWLEY. Thank you, sir.

DATA ON SALARIES AND EXPENSES—OBLIGATIONS 1944 AND 1945

The CHAIRMAN. You have given us the information about the foreign programs for which you submitted a reduced estimate. You have told us about the programs. You might submit at this point, for the purpose of the record, a break-down showing how this \$10,044,549 was allocated for the current year and how you expect to allocate the \$6,706,000 for the coming year.

Mr. WIGGLESWORTH. I think we ought to have a break-down of the foreign programs that will show the personnel employed and the cost of each, in some detail.

Mr. Cox. We will get that information for the record.

(The information requested is as follows:)

Salaries and expenses, Foreign Programs—Estimated obligations—1944 fiscal year, by countries and types of obligations

Country	Personal services	Living allowance	Travel	Transportation of things	Communication services	Rents and utilities	Printing and binding	Other contractual services	Supplies and materials	Equipment	Total
Occupied areas	\$53,357		\$55		\$2,934						\$56,346
North Africa	130,527	\$4,227	55,827	\$414	11,014	\$2,552	\$80		\$606	\$1,392	206,932
South Africa	554,153	44,300	420,653	3,974	54,406			1,442	429	13,362	1,101,719
Madagascar	22,494	4,457	7,627	2,200	5,017	28		94	213	3,067	45,637
French West Africa	35,160	5,225	15,030	26	13,660						69,110
Belgian Congo	50,905	14,400	16,000	120	12,075				748	97,462	141,513
Argentina	88,773	20,140	16,000	1,427	8,553				1,133	1,967	141,513
Bolivia	134,540	39,053	34,567	3,813	12,023				5,006	8,241	242,535
Brazil	1,914,214	154,284	350,400	6,187	156,241	102,917	11,632	38,187	72,533	52,002	2,858,627
Chile	86,440	25,327	27,086	1,853	9,917	2,413	780	3,467	1,500	6,247	165,030
Colombia	161,966	42,226	62,953	1,266	16,200	3,600	267	2,573	1,746	5,620	297,823
Ecuador	133,931	23,730	56,244	5,770	14,492	2,495	562	3,000	8,806	3,130	231,780
Peru	120,320	42,313	43,140	2,253	12,793	3,894	309	3,615	1,840	7,013	233,690
Venezuela	102,507	27,257	27,257	1,253	10,975	2,653	314	3,520	2,360	11,280	191,546
Guatemala	135,400	29,640	53,640	1,440	17,452	1,973	426	626	3,171	1,254	244,462
Guiana	3,446		1,293	251	251					13	4,985
Costa Rica	20,707	2,469	8,000	69	1,727	520	27	240	120	27	33,906
Dominican Republic	16,776				818						17,594
Haiti	12,157	3,520	7,267	280	1,503		27	133	426	587	25,930
Cuba	21,173	4,374	4,094	292	2,200		51	40	93	307	32,624
Mexico	224,414	43,974	63,407	2,787	30,176		1,400	8,880	3,054	8,893	337,045
Trinidad	3,893	2,414		40	391						8,431
London	455,885	77,254	90,887	1,280	96,261	4,372	907	13,670	8,320	24,746	773,582
Australia	105,674	13,753	33,947	627	23,623	2,013	147	147	760	452	131,149
Kenya	9,132	947	5,026	13	738			26			15,882
New Zealand	34,500	3,500	11,976		2,842			5,227		13	61,053
India	154,593	18,813	72,570	1,400	49,612	3,000	526	2,893	1,013	9,906	314,346
South Africa	53,160	4,840	30,666	1,800	17,332	1,773		213	346	53	108,483
British West Africa	49,632	12,360	20,653	146	27,715		93	2,146	360	773	113,878
Union of Soviet Socialist Republics	28,260	3,000		2,046	3,363	2,500	1,053	7,000	3,928	20,740	71,800
Iceland			3,260		3,470						3,739
China	211,559	45,160	142,347	10,373	31,072	27,574	1,573	15,000	19,920	28,973	533,551
Middle East	433,807	51,227	108,413	9,927	51,936	813		3,960	1,613	10,748	665,441
Morambique	9,150		280		526						11,200
Spain	5,480	587	3,823	27	490					27	10,570
Turkey	23,018	5,280	17,980	253	16,120			1,293	200	2,507	66,681
World-wide	380,716			91				15	1,416	140	382,281
Grand total	5,983,879	776,870	1,824,660	54,730	718,400	166,680	20,770	128,860	142,600	227,100	10,044,549

1 Washington, D. C., field for training purposes.

Salaries and expenses, foreign programs—Estimated obligations—1945 fiscal year by countries and types of obligations

Country	Personal services	Living allowance	Travel	Transportation of things	Communications	Rents and utilities	Printing and binding	Other contractual services	Supplies and materials	Equipment	Total
Occupied areas.....	\$507,722	\$197,873	\$120,938	\$31,335	\$99,621	\$11,466	\$1,965	\$5,557	\$18,048	\$11,219	\$1,005,744
South Pacific.....	97,728	25,632	31,327	3,530	24,351	9,176	1,300	6,386	5,119	3,340	207,889
North Africa.....	124,798	36,567	23,344	5,589	16,603	1,529	1,000	2,146	818	835	213,229
Madagascar.....	8,622	1,620	1,512	412	2,789	1,459	-----	745	204	139	16,502
French West Africa.....	12,461	3,420	1,210	471	2,657	1,376	-----	851	613	1,140	24,199
Belgian Congo.....	23,280	8,658	4,415	280	5,313	-----	300	858	245	56	43,571
Argentina.....	56,067	20,499	10,161	891	2,656	1,759	400	1,717	654	501	95,305
Brazil.....	148,809	42,962	12,156	3,566	9,962	7,647	2,000	6,867	4,090	2,784	240,843
Bolivia.....	82,483	27,468	14,818	1,070	1,793	1,835	500	5,580	6,625	1,280	143,352
Colombia.....	40,346	15,300	8,467	178	1,594	1,682	500	429	1,636	1,113	71,245
Chile.....	49,868	19,890	10,584	2,229	3,055	2,294	800	3,863	1,227	1,392	95,202
Ecuador.....	29,393	7,452	4,536	2,713	3,321	1,529	500	3,434	818	278	53,490
Peru.....	37,159	10,962	8,467	713	1,992	3,441	900	1,716	2,454	278	67,700
Venezuela.....	51,494	15,912	10,161	535	2,656	3,441	500	858	818	278	86,653
Guatemala.....	31,456	11,304	3,780	423	3,985	1,988	650	2,489	654	334	57,063
Costa Rica.....	7,622	2,340	1,210	89	3,398	459	50	215	164	111	12,658
Dominican Republic.....	25,564	2,480	2,238	134	664	306	125	515	654	84	33,764
Haiti.....	17,104	2,889	2,056	80	332	229	100	429	409	278	23,915
Cuba.....	29,324	3,040	1,875	89	1,328	229	50	429	409	139	33,112
Mexico.....	98,351	18,576	7,242	6,240	7,969	3,824	1,000	8,584	2,045	557	154,388
London.....	586,115	209,308	60,811	3,963	44,431	30,467	1,892	6,311	15,546	4,454	963,348
Australia.....	76,362	16,802	10,403	802	18,595	3,353	700	1,717	4,907	1,336	137,005
New Zealand.....	22,006	3,600	1,693	446	6,923	2,936	75	644	401	167	37,051
India.....	206,399	82,122	24,041	446	33,205	9,964	500	3,434	4,090	835	357,366
South Africa.....	36,657	9,308	8,098	891	11,954	2,676	600	858	1,472	278	77,844
British West Africa.....	25,117	8,208	7,258	535	14,610	2,294	800	10,301	2,045	445	81,178
Union of Soviet Socialist Republics.....	22,086	23,088	7,500	1,337	4,049	9,539	500	6,095	5,807	557	334
Iceland.....	9,997	4,698	2,867	267	1,992	918	150	429	409	334	20,010
China.....	408,820	183,600	131,907	8,914	39,846	22,941	1,000	12,876	32,716	13,918	856,538
Middle East Mission.....	678,196	269,516	117,637	19,207	106,410	50,928	5,031	30,466	10,178	12,866	1,300,432
Mozambique.....	7,122	2,340	3,024	267	2,656	2,459	100	1,490	204	139	17,801
Portugal.....	6,222	2,340	907	-----	-----	-----	-----	258	-----	-----	9,425
Spain.....	7,122	2,520	1,814	-----	1,014	-----	-----	215	204	-----	10,764
Sweden.....	7,122	2,880	3,992	-----	10,626	6,638	812	258	1,227	-----	13,292
Turkey.....	29,806	13,446	3,992	1,647	-----	-----	-----	2,980	-----	835	72,009
Total.....	3,609,000	1,311,700	661,000	99,000	490,000	189,800	24,400	132,000	127,000	62,300	6,706,200

TRAVEL EXPENSES

Mr. WIGGLESWORTH. I wish you would also furnish some statement for the record as to how you arrive at this travel figure, the number of people on travel status, and the basis on which you compute that figure.

Mr. COX. I will insert that in the record.

(The statement requested is as follows:)

Estimated travel requirements, fiscal year 1945

DOMESTIC TRAVEL

Per diem rate.....	\$6. 00
Average number days per trip.....	7
Average total per diem per trip.....	\$42. 00
Average total transportation and incidental expenses per trip.....	\$73. 00
Average total cost per trip.....	\$115. 00
Estimated number of travelers.....	400
Total cost, all travelers, 1 trip each.....	\$46, 000
Average number trips per traveler.....	6
Estimated requirements—domestic.....	\$276, 000
Rounded estimate.....	\$275, 000

FOREIGN TRAVEL

By regular Washington travelers:	
Per diem rate.....	\$7. 00
Average number days per trip.....	60
Average total per diem per trip.....	\$420. 00
Average total transportation and incidental expenses per trip.....	\$475. 00
Average total cost per trip.....	\$895. 00
Estimated number of travelers.....	35
Total cost, all travelers, 1 trip each.....	\$31, 325
Average number trips per traveler.....	2
Total cost, regular Washington travelers.....	\$62, 650
Travelers to or from foreign posts of duty:	
Per diem rate.....	\$7. 00
Average number days to or from post.....	8
Average total per diem to or from post.....	\$56. 00
Average total transportation and incidental expenses to or from post.....	\$250. 00
Average total cost to or from post.....	\$306. 00
Estimated number of employees to be dispatched or recalled.....	450
Total cost to and from foreign posts.....	\$137, 700
Estimated requirements, foreign.....	\$200, 350
Rounded estimate.....	\$200, 000
Total estimated requirements.....	\$475, 000

Mr. WIGGLESWORTH. You had some emergency funds from the President this year.

Mr. Cox. Yes; that included money to handle requisitioning under the act of October 10, 1940. All the obligations are shown on the green sheets.

Mr. WIGGLESWORTH. Is it anticipated that you will receive any further funds from that source in addition to your personnel before us?

Mr. Cox. No.

PERSONNEL BY SALARY GROUPS

Mr. WIGGLESWORTH. I wish that you would furnish for the record—it is not wholly clear to me from this Budget break-down—the number of persons on your rolls that you are asking for that will receive salaries of \$6,500 or more, and the number of persons that will receive, say, \$5,600 or more.

Mr. Cox. We have supplied Mr. Taber with a book which gives that information.

Mr. TABER. I have it here.

Mr. WIGGLESWORTH. Mr. Taber has called my attention to the fact that he has what I had in mind, and I will have it inserted in the record at this point.

(The statement requested is as follows:)

Recapitulation by salary groups ¹

	Number of people	Cumula- tive		Number of people	Cumula- tive
\$9,000.....	9		\$5,600.....	222	464
\$8,750.....	1	10	\$5,000.....	4	468
\$8,500.....	5	15	\$4,800.....	2	470
\$8,250.....	1	16	\$4,600.....	265	735
\$8,000.....	75	91	\$4,000.....	2	737
\$7,500.....	3	94	\$3,800.....	331	1,068
\$7,250.....	1	95	\$3,600.....	3	1,071
\$6,750.....	1	96	\$3,400.....	1	1,072
\$6,500.....	140	236	\$3,300.....	10	1,082
\$6,400.....	2	238	\$3,200.....	144	1,226
\$6,000.....	1	239	\$3,100.....	1	1,227
\$5,800.....	2	241			
\$5,700.....	1	242	Total.....	1,227	

¹ 3 at \$10,000 not charged to Foreign Economic Administration.

Mr. Cox. We have more recent figures here—as of Apr. 30, 1944:

\$6,500 or more.....	212
\$5,600 to \$6,500.....	228
Total.....	440

DISTRIBUTION OF SALARIES AND EXPENSES ESTIMATE 1945

Do you want a break-down of the other obligation items—travel and communication services for 1945?

The CHAIRMAN. You may supply that.

(The information requested is as follows:)

Summary, domestic program, 1945

Office	Personal services			Travel	Trans- portation of things	Communi- cation services	Rents and utility services	Printing and binding	Other contrac- tual services	Supplies and materials	Equip- ment	Total
	Number	Basic	Overtime									
Office of the Administrator	49.0	\$157,388	\$29,600	\$10,674	-----	\$5,010	-----	\$1,296	\$3,554	\$1,901	\$461	\$209,914
Office of Economic Programs	72.0	293,514	55,350	7,937	-----	7,420	-----	1,908	5,232	2,798	678	374,867
Office of Budget and Administrative Plan- ning	47.1	156,702	29,600	2,675	-----	4,865	-----	1,251	3,431	1,835	445	200,804
Office of Personnel	81.5	223,147	42,170	1,195	-----	8,400	-----	2,160	5,924	3,168	768	286,932
Office of Finance	225.0	631,350	1,119,010	87,448	-----	23,170	-----	5,953	16,339	8,735	2,118	894,131
Office of Management Services	418.0	786,676	148,408	4,714	-----	43,050	-----	11,070	30,359	16,236	3,936	1,045,349
Office of General Counsel	71.5	282,139	53,321	5,622	-----	7,350	-----	1,890	5,183	2,772	672	358,919
Bureau of Areas	966.5	3,039,853	573,557	119,882	-----	99,575	-----	25,605	70,220	37,554	9,104	3,977,932
Bureau of Supplies	1,466.9	4,322,435	815,428	201,797	-----	151,130	-----	38,862	106,576	56,998	13,818	5,741,286
Other employees	75.8	203,074	35,318	-----	-----	-----	-----	-----	-----	-----	-----	241,392
Subtotal	3,473.3	10,096,308	1,904,752	441,944	6,500	350,000	31,224	90,000	246,818	132,000	32,000	13,331,556
Domestic field offices	246.0	568,310	107,250	33,056	-----	-----	55,434	-----	-----	-----	-----	761,080
Other employees	20.0	82,680	13,498	-----	-----	-----	-----	-----	-----	-----	-----	97,438
Grand total	3,739.3	10,746,678	2,027,420	475,000	6,500	350,000	86,658	90,000	246,813	132,000	32,000	14,193,074

Mr. WIGGLESWORTH. I would like to have comparative figures in terms of dollar imports for the fiscal year '44 and estimated for '45.

Mr. Cox. All right; that can be furnished off the record.

EXPORT CONTROL PROGRAM

Mr. WIGGLESWORTH. Can you give us some comparative yardstick as to the work done in export control for the last 3 years?

Mr. Cox. Yes. We can give it to you in the form of the number of export documents processed. In the calendar year 1941, about 450,000 documents were acted upon. In 1942 this figure increased to about 1,200,000. In 1943 we processed about 1,000,000 documents. The decrease in 1943 was largely the result of a freeze on exports of critical commodities to 7 South American countries in January and February of 1943. During the first quarter of 1944 we acted on 466,000 export documents. Export applications alone are coming in at the rate of over 4,000 each business day. If the present trend continues they should increase to 5,000 per day.

(The statement requested is as follows:)

EXPORT CONTROL PROGRAM

Export control is designed primarily to prevent depletion of the materials the United States needs to carry on the war. But effective export control has two other functions. It must assure that the limited supplies we have available for export go where they do the most good for the allied war effort and it must assure that they do not get to the enemy.

Today we are obtaining supplies vital to our war effort like tin, copper, balsa, mahogany, rubber, and abaca from Latin America because of the machinery and equipment Foreign Economic Administration has located and licensed for shipment to these areas. We have used export control to keep on the air every radio station in Latin America which carries on allied propaganda and at the same time to keep radio transmitting equipment out of the hands of Latin Americans who do not support our war program or who would use the equipment for subversive activity or communication with the enemy.

Always subject to our own paramount war needs, different policies have necessarily been adopted with respect to various countries. In the case of allies engaged in military operations against the Axis, we have tried to expedite the shipment of essential goods. In the case of the Latin-American republics, we have tried to maintain minimum essential needs within the limits of available supply and shipping. The policy with reference to the European neutrals has been to permit the export of only the absolute minimum of materials necessary to obtain from these neutrals strategic commodities which the United Nations require and to keep vital supplies from the enemy.

Some months after Pearl Harbor, it became evident that the use of export licenses alone could not do the job of rationing very limited supplies among numerous claimants. Accordingly, techniques were developed during the latter part of 1942 and the early part of 1943 to assure that the supplies we could afford to ship to foreign countries went to meet the most basic needs.

Under one plan—the so-called decentralization procedure—representatives of our Government and of each of our Latin-American neighbors estimated in advance the requirements of their wartime economy which could not be supplied from other sources. These estimates were presented by the Foreign Economic Administration, as claimant agency, to the War Production Board, which established the complete quota of exports allowed to leave the country. The amount of goods set aside for commercial export was then reallocated by the Foreign Economic Administration. To assure that the goods were used for the most essential purposes, each Latin-American country licensed the distribution of its allocation among its nationals.

With respect to our allies who had purchasing missions in this country, program licenses were issued to each mission establishing quota limits within which permissible shipments could be made.

While the original wartime objectives of export control are still our primary concern, there is now a definite and increasing trend toward relaxing these controls. On a number of commodities, the critical shortage of supply the United States faced prior to and after Pearl Harbor has been largely overcome.

Of course, not all or even most commodities are in free supply, and the controls cannot be lifted overnight. For example, while steel may be more easy, textiles, paper, lumber, and certain foodstuffs are being subjected by the War Production Board and the War Food Administration to even more stringent controls.

Nevertheless, the trend toward increased and freer foreign trade is evident, and we are doing our best to see that the American exporter is given the fullest opportunity to operate independently of Government controls that wartime conditions permit.

Thus, in the past few months plans have been evolved and are now being placed in operation to eliminate gradually the requirement that an American exporter obtain import documents before he can ship to Latin America and to revise the program license procedure. This, of course, means a greater volume of work for our export licensing people because, as the foreign-import controls are relaxed, the number of license applications increases by leaps and bounds. During 1943 about 1,000,000 documents, or about 3,000 each business day, were reviewed. Of these, 50 percent on the average were approved. Applications are coming in now at the rate of about 4,000 each business day and, if the present trend continues, they should increase to approximately 5,000 applications per day. Approvals now average about 80 percent. However, the easing of licensing requirements can only keep pace with the relaxation of controls of commodities by the War Production Board and the availability of shipping.

In addition to these steps, we are working up new lists of commodities for general license—in effect, free from control. We have also developed a new blanket license procedure for certain commodities, which permits the issuance of a single license to cover an unlimited number of consignees in a designated foreign country. This eliminates a large amount of paper work both for us and for the exporter.

In spite of the controls required by the war, a tremendous volume of exports has moved through the normal commercial channels. During the years 1936–38, inclusive, when about 30 percent of our private export trade was with enemy or enemy-dominated countries, our cash exports averaged about \$2,966,000,000 per year. In the 2 war years, 1942 and 1943, cash exports—not including lend-lease—averaged about \$2,900,000,000.

Mr. WIGGLESWORTH. Can you break down your 1944 personnel and your requested 1945 personnel so as to show the number you have had and the number you are requesting, (a) in respect to import work, (b) in respect to export control, and (c) in respect to economic warfare work?

Mr. Cox. There is a statement in the binder, which we will put in the record, that shows 1944 and 1945 personnel by organizational unit.

Mr. WIGGLESWORTH. One other general question. We have discussed previously at some length the duplication by the various agencies before the consolidation who were operating in the several fields of F. E. A. today. Is there any duplication or overlapping of functions as you are now set up in the State Department, the Commerce Department with the R. F. C., the C. I. A. A., or any other Federal agencies?

Mr. Cox. There is not in the field of foreign economic operations.

Mr. WIGGLESWORTH. You think that has all been eliminated and harmonious relations have been effected?

Mr. Cox. Yes.

Mr. TABER. What about this sugar business in the Caribbean; who is doing that?

Mr. Cox. The War Food Administration, through Commodity Credit. That and the Canadian food purchases were exempted from the foreign food purchasing part. It was not turned over to F. E. A.

on the ground that it was intimately so substantially connected with the continental United States operations.

Mr. WIGGLESWORTH. Can you give us a statement as to the preclusive buying that has been done in the fiscal year 1944?

Mr. Cox. I think that that should not be in the record, but I will send it to you gentlemen of the committee.

Mr. WIGGLESWORTH. The commodities purchased and the prices paid and the amount.

Mr. Cox. Yes.

FUNCTIONS OF FOREIGN ECONOMIC ADMINISTRATION ORGANIZATION

Mr. WIGGLESWORTH. Will you put just a brief statement in the record to show the distinction in functions between your area offices and your supply offices.

Mr. Cox. Yes. There is a statement in the binder, but we will put it in the record.

(The statement requested is as follows:)

FOREIGN ECONOMIC ADMINISTRATION ORGANIZATION

The Foreign Economic Administration is a consolidation of several war agencies. Their functions included overseeing the world-wide war job of purchasing strategic and critical materials in foreign countries, providing lend-lease and other aid to the United Nations, exercising export control and other economic warfare activities, and assisting in the relief and rehabilitation of liberated areas. The Office of Lend-Lease Administration, the Board of Economic Warfare, and the Office of Foreign Relief and Rehabilitation Operations have been consolidated and their separate identities discarded. In addition Foreign Economic Administration has responsibility for the foreign food programs formerly administered by the Commodity Credit Corporation, and the foreign activities previously handled by the Reconstruction Finance Corporation and its subsidiaries. The agency operates through two main bureaus, the Bureau of Areas and the Bureau of Supplies, which act in cooperation with a number of staff offices.

BUREAU OF AREAS

The Bureau of Areas functions on a country or area basis. It is responsible for Foreign Economic Administration policies and programs relating to particular countries, and it represents Foreign Economic Administration in its relationships with those countries. It deals with the State Department with respect to clearing all programs in the light of United States foreign policy; it deals directly with the representatives of foreign governments and it supervises the foreign missions of Foreign Economic Administration. In carrying out all of these functions it works in close collaboration with its companion bureau, the Bureau of Supplies.

The Bureau of Areas is organized into four major branches which are responsible for all Foreign Economic Administration programs in their particular areas. The Pan American Branch is concerned with the American republics. The General Areas Branch is responsible for the British Empire, Russia, China, Iceland, Liberia, and Afghanistan. The Special Areas Branch is responsible for the Middle East. It also controls exports to the European neutrals and is responsible for general blockade control, economic warfare intelligence and analysis, including advising the armed forces as to economic targets for destruction and advising the intelligence agencies of the Joint Chiefs of Staff as to the economic capabilities of the enemy and policy direction of the preclusive buying program. The Liberated Areas Branch works on the development of programs for those countries which have been or will be liberated and represents Foreign Economic Administration in its relations with the War Department and the United Nations Relief and Rehabilitation Administration with respect to these matters.

Each of the area branches reports to the Executive Director of the Bureau on all operations, programs, and projects. In his office there is a group of assistants organized as a program coordination staff, which is responsible for the review, administration, and presentation to the Bureau of Supplies of the supply require-

ments of each country or area, for coordinating activities affecting two or more of the branches, handling over-all administrative matters, and assuring consistency, as well as conformance with the foreign economic objectives of the United States.

The Foreign Economic Service Staff of the Bureau of Areas operating in collaboration with the Foreign Economic Administration staff offices, is responsible for all administrative and service needs of the foreign missions of Foreign Economic Administration.

BUREAU OF SUPPLIES

The Bureau of Supplies is responsible for the execution of foreign economic programs on a commodity basis. Within the framework of country or area policies, it regulates the flow of exports, both lend-lease and commercial, and executes foreign procurement and development operations. It is also responsible for all related service functions such as warehousing, transporting, and shipping, and it represents Foreign Economic Administration on intra- and intergovernmental agencies engaged in the allocation of American and world commodity resources.

The Bureau of Supplies is organized into four major branches—the Foreign Procurement and Development Branch, the Requirements and Supply Branch, the Office of Food Programs, and the Transportation and Storage Branch; and four service staffs—the Statistics and Analysis Service, the Engineering Service, the Trade Relations Staff, and the Coordinating Staff for U. S. Commercial Company operations.

The Foreign Procurement and Development Branch is responsible for the foreign development, procurement, and importation of critical and strategic materials other than food. It also executes the preclusive buying program. Its major procurement and development activities are carried on by three commodity divisions. These divisions execute directives issued by the War Production Board for the procurement abroad of existing materials, and the development of new sources of supply. They negotiate purchase contracts and other types of commercial arrangements for procurement; they initiate and operate production projects abroad; and they determine equipment and materials requirements for the projects and assist private exporters in obtaining priority ratings and export licenses for the equipment.

Within this branch there is also a South Pacific Division, which is responsible for the initiation and the carrying out of projects in the South Pacific area for the purpose of producing locally supplies needed by the armed forces in that theater of operation. A Special Projects Division within this branch conducts and administers preclusive buying operations in connection with the economic warfare programs developed in the Bureau of Areas. It also carries out the reverse lend-lease policies determined by the Foreign Economic Administration in collaboration with the State Department, reviewing commodity contracts in the light of possible incorporation within the reverse lend-lease program, and making arrangements for transferring procurement programs from public purchase to reverse lend-lease aid.

The Requirements and Supply Branch is responsible for the analysis of the requirements of all foreign countries with respect to what may be supplied from the United States in the light of other supply considerations, for the presentation of such requirements to the War Production Board and for the representation of the Foreign Economic Administration before the various central allocating agencies; it is also responsible for the control of lend-lease and commercial exports from the United States in accordance with approved area programs; and for the location and disposal into trade channels of distress materials, through requisition or otherwise.

This branch is divided into several commodity divisions, which, with respect to the commodities assigned to them, analyze export requirements in the light of available United States supply and in conformity with domestic limitation orders. They also review requirements from the point of view of suitability for intended use and possibility of substitution of other commodities or materials or of supply from foreign sources. The Projects Division is responsible for the same general functions as the Commodity Division, but only with respect to projects in foreign countries which involve several commodities. The Operations Division is the central controlling office for the processing of export license applications, release certificates, import recommendations, and lend-lease requisitions, including the maintenance of files of foreign import recommendations, the screening of license

applications against trade intelligence information, and the maintenance of controlled records of joint Foreign Economic Administration-War Production Board operations. The Procurement Control and Redistribution Division maintains control over lend-lease contract and inventory status and initiates action for the redistribution of orders or material no longer required by the original consignee, maintains liaison with lend-lease procurement agencies, and administers the requisitioning authority of the Foreign Economic Administration in order to place into appropriate export or domestic channels surplus materials.

The Transportation and Storage Branch has over-all responsibility for the warehousing, storage, transportation, and customs clearance of both lend-lease and public purchase goods. With respect to imports, it represents the Foreign Economic Administration as a claimant for shipping quotas from the War Production Board and space allotment from War Shipping Administration, and makes arrangements for freight space and insurance coverage for materials procured. It includes an Air Transport Division which is responsible for the movement by air of strategic and critical materials from foreign countries through the use of commercial lines, as well as the Army and Navy Transport Commands. Since the military take responsibility only for loading and flying, the division maintains the cargo records and a field staff to supervise the shipments. It also includes a Warehouse and Storage Division, which is responsible for both domestic and foreign storing and warehousing of all goods under Foreign Economic Administration control, and a Ship Operations Division, which reviews and clears requisitions in connection with the transfer of American merchant vessels to foreign governments, repair of United Nations vessels, and ships services and supplies for United Nations vessels, and is responsible for recovering, reconditioning, salvaging, and reforwarding of Foreign Economic Administration goods stranded at ports both inside and outside the United States.

In the Office of Food Programs are consolidated all commodity functions affecting food and agricultural supplies, machinery, and facilities. These include requirements analysis and presentation, export control, foreign procurement and development, representation on requirements and allocation committees, and other appropriate interagency or intergovernmental committees.

In addition to the two operating bureaus, there are a group of staff offices which perform specific services for the Administrator and the bureaus. The Office of Personnel serves as the employment office of the Administration, and in this capacity aids in the recruitment, selection, and placement of personnel; administers a program for the maintenance and improvement of employees' welfare and the handling of employees' grievances; is responsible for all personnel records; and handles all relations with the Civil Service Commission and other agencies and organizations concerned with personnel matters. The Office of Finance is responsible for the maintenance of all financial accounts of the Administration, including accounts relating to lend-lease funds, corporate funds, and administrative funds. It also handles the certifying and disbursing functions of the Administration. The Office of Management Services handles the procurement, maintenance and custody of office supplies, materials and equipment; arranges for the assignment and maintenance of office space; and is responsible for all other service functions, such as mail, messenger, telephone, telegraph, and other communication services, transportation, printing and duplicating, graphic services, library services, etc. The Office of Budget and Administrative Planning is responsible for budgetary matters and also renders advice on organization and operating procedures throughout the Administration. The Office of Economic Programs advises on economic policy and planning and related financial matters. It also assists the operating bureaus in the formulation of their economic and financial policies and programs in the field of export control, foreign procurement, foreign finance, etc. The Office of the General Counsel handles the legal aspects of programs, projects, plans, contracts, legislation, regulations, and reports; and in general, performs all legal services required by the Administration.

CHANGES IN LANGUAGE

The CHAIRMAN. We will take up the changes in language appearing on page 5 of Document 566.

The old language which appears on page 5 is that which was provided for the present year for the Board of Economic Warfare?

Mr. Cox. Yes.

SALARY OF ADMINISTRATOR AND DEPUTY ADMINISTRATOR

The CHAIRMAN. The first change is that fixing the Administrator's salary at \$12,000. Does Mr. Crowley receive any salary from the Foreign Economic Administration at the present time?

Mr. Cox. He does not.

The CHAIRMAN. I see that none is shown in the green sheets.

Mr. Cox. None at all. Mr. Crowley suggested to me, however, that although he does not receive a salary under this set-up the Administrator's salary is not comparable to the salaries paid to other people doing similar jobs. He raised the question, to call it to the attention of the committee, as to whether the salary should not be increased for whomever his successor in office might be.

The CHAIRMAN. What would be a comparable salary?

Mr. Cox. \$15,000.

The CHAIRMAN. What other positions in the Government and in other agencies receive \$15,000?

Mr. Cox. The Director of War Mobilization, the Chairman of the War Production Board, and similar positions.

The CHAIRMAN. You have a provision in here for one Deputy Administrator at \$10,000.

Mr. Cox. Yes.

The CHAIRMAN. Who is that Deputy Administrator and what is his present rate of pay?

Mr. Cox. There is no salary shown on the green sheet for that. That was put in in the event of a successor, but there is nothing shown on the green sheet for it.

The CHAIRMAN. Who is that for; who would occupy that position?

Mr. RILEY. Mr. Chairman, as I was just explaining to Mr. Taber, there is no one at the present time on the pay roll in Foreign Economic Administration as Deputy Administrator.

The CHAIRMAN. Who was appointed Deputy?

Mr. RILEY. I am Deputy Administrator at the present time but I am also with the Federal Deposit Insurance Corporation, and am carried on its pay roll. If Mr. Crowley leaves the Foreign Economic Administration I presume a new administrator and a new deputy would come in. Therefore, it is necessary to provide a salary for the two positions.

The CHAIRMAN. What is your present rate of pay?

Mr. RILEY. \$10,000.

TEMPORARY EMPLOYMENT

The CHAIRMAN. You have authority in this fiscal year for the temporary employment of persons or organizations by contract or otherwise, without regard to civil-service and classification laws?

Mr. Cox. Yes.

The CHAIRMAN. And there is no limit, but I note that for 1945 a limit of \$100,000 is proposed.

Mr. Cox. Yes.

The CHAIRMAN. What type of service is this and how much has been used for the purpose so far in this fiscal year?

Mr. Cox. This item has been specifically approved by the Civil Service Commission. Sometimes it is absolutely essential to get the temporary services of experts and specialists and time does not permit

us to go through the usual procedures necessary to employ regular civil-service personnel. As you mentioned, the authority is limited to \$100,000. The estimated obligation for fiscal year 1944 is about \$110,000.

TRANSPORTATION OF DEPENDENTS, HOUSEHOLD EFFECTS, ETC.

The CHAIRMAN. This language which is proposed to be eliminated on this page is due to the fact that it is proposed as general language relating to all constituent agencies of the Office for Emergency Management?

Mr. Cox. That is right.

The CHAIRMAN. The language in italics near the bottom of the page is a continuation of the language which was carried in the first efficiency bill to enable you to bring home some persons from the foreign fields and their dependents and household goods who went there before we stopped the practice of taking dependents along?

Mr. Cox. That is right.

The CHAIRMAN. Those dependents are not allowed to accompany employees?

Mr. Cox. That is my understanding.

Mr. TABER. What about the transportation of personal effects of these employees?

The CHAIRMAN. That was before it was stopped.

Mr. TABER. I am referring to the going out. They are not now transporting families outside the country.

Mr. Cox. No.

Mr. TABER. But we are paying for the transportation of personal effects of employees, is that true?

Mr. Cox. Yes.

Mr. TABER. What would that provide for? I can understand clothing and things of that sort which they have to take with them, but on the other hand I do not see the necessity of transporting these days a lot of effects other than that.

Mr. Cox. As a practical matter they cannot transport anything more than a limited amount of poundage either on airplanes or by ship, so there is a physical limitation also within this limitation.

Mr. TABER. Yes; I thought we would be stretching the law if we put in anything like that.

The CHAIRMAN. Suppose you insert in the record at this point the poundage limit both as to airplanes and ships.

Mr. Cox. Yes.

The CHAIRMAN. The regulations of the Government fix the standard, and it is pretty well standardized?

Mr. Cox. Yes.

(Information requested follows:)

There are two transportation expense provisions.

One authorizes the payment of expenses for transportation of employees of the Foreign Economic Administration and their personal effects to their first post of duty in a foreign country and back to their home. Shipping and air transport regulations limit the weight of personal effects which may be transported. Air transport regulations permit a maximum of 55 to 65 pounds of baggage. Where transit is by troopship or transport the weight limitation on baggage is 175 pounds. Existing regulations also allow a maximum of 250 pounds, in cases of employees without dependents, and 500 pounds, in cases where there are dependents living with employees, for additional personal effects to be shipped to employees who are already stationed abroad.

The second clause provides for the payment of expenses for the "transportation of dependents and household goods and effects, in accordance with the act of October 10, 1940, from foreign countries to their homes in the United States of employees of the Foreign Economic Administration and the State Department for whom such expenses to a foreign country were authorized and paid from funds allocated to the Board of Economic Warfare." This clause authorizes payment of expenses for the transportation of dependents and household goods to the United States only in cases where they are now in foreign areas, having been sent there at a time when they were permitted to accompany employees on foreign assignments. This is no longer permissible.

As pointed out, the first clause authorizes payment of expenses for transportation of only the personal effects of employees to be sent abroad. No appropriation is requested nor will any funds be used for the transportation to foreign areas from the United States of dependents and household goods of employees to be sent abroad or now stationed abroad.

EXTRAORDINARY EXPENSES

The CHAIRMAN. You have some new language near the end of the paragraph on page 6 making \$100,000 available for extraordinary or emergency expenses. Just what is meant by that?

Mr. Cox. Experience has shown that operations on a world-wide basis, including assignments to tropical areas, theaters of military operations, and so forth, give rise to emergency situations for which some special provision must be made. For example, it is necessary to procure special equipment and supplies to safeguard the health or assure the safety of personnel engaged in extra-hazardous assignments; there arise hardship cases involving employees who become ill or are injured while on a foreign assignment necessitating emergency hospitalization, transportation, and special care of the kind ordinarily provided by private employers in similar situations; it is necessary to use special types of conveyances for transacting official business in outlying or primitive areas. Special payments to or for employees in foreign countries are required to conform to local law or customs. Items of this nature have actually been encountered, many others are certain to arise in the coming year which it is not possible to predict or to cover specifically. While individual instances in which this authority would be used may involve small sums of money, inability to handle problems of this nature as they arise may prevent the most efficient prosecution of a particular assignment or program with a resultant greater loss of time or expense. Therefore, it is proposed that the Administrator be given authority to take care of them as they may be encountered and as may be administratively determined to be necessary, without regard to usual Government restrictions on the use of contingent funds but within the limit of \$100,000.

People in intelligence work, for example, who are engaged in a fairly dangerous form of activity, are sometimes met with this kind of problem—in some of the neutral countries, the enemy agents are operating and our people have hazards which are certainly not comparable with those of somebody working in Washington.

The CHAIRMAN. Does this include any form of entertainment?

Mr. Cox. It does not. There are some cases in connection with exclusive buying, or the obtaining of intelligence, and similar activities, where entertainment or other means are necessary if an effective and successful war job is to be done, but this, of course, must be handled with complete secrecy out of the confidential fund.

Mr. WIGGLESWORTH. How much of an expenditure of this character have you run into this year, for instance?

Mr. Cox. The absence of this authority is a handicap this year.

Mr. WIGGLESWORTH. It sounds like a lot of money and the language is pretty wide open.

Mr. Cox. Its use will be entirely controlled in detail by the Administrator. Every one of our field people has indicated, particularly in the operations which involve the obtaining of intelligence, that they are subject to very serious handicaps. Most of them have had to make expenditures out of their own pockets. For instance, you may have to charter an airplane to go from one place to another, or even hire a rickshaw and the F. E. A. feels that it is not reasonable to ask those people to make those expenditures out of their own pockets.

The CHAIRMAN. You could not have done it under the confidential fund?

Mr. Cox. Yes; but it was not used for that purpose because we understand the confidential fund to be available only for secret purposes.

Mr. TABER. Did you spend any money at all this year on that?

Mr. Cox. Out of the confidential fund for those purposes?

Mr. TABER. Out of the confidential fund.

Mr. Cox. No; none.

Mr. TABER. Or any other way?

Mr. Cox. No.

EMPLOYMENT OF ALIENS

Mr. WIGGLESWORTH. How many aliens have you got on the rolls? I see language here for the employment of aliens. Are they employed in Washington or in the field?

Mr. Cox. Most of them are abroad. You have two types of cases. The number actually employed abroad as of February 1, 1944, was 258 aliens.

Mr. WIGGLESWORTH. How many at home?

Mr. Cox. I will get the figure for you and put it in the record. Those abroad are people who are mainly clerical in their duties, office people engaged in the country where the field office is located.

Mr. WIGGLESWORTH. Will you please supply that figure for the record?

Mr. Cox. Yes; there it is. On March 31, we had 62 aliens on our domestic pay roll. They are primarily used for work involving an intimate knowledge of the countries of their origin.

PAYMENT FOR ARTICLES AND MATERIALS REQUISITIONED

The CHAIRMAN. On page 13 there is an indefinite appropriation for payment for articles and materials requisitioned. That is a revolving fund with receipts of a million dollars and obligations of a million dollars. Tell us something about that. What is the source of your receipts?

Mr. Cox. After the act of July 2, 1940, was passed, which is the export-control statute, there were certain distress materials which were stopped from moving out of the country because they might directly or indirectly have gotten to the enemy.

The Congress, in the act of October 10, 1940, and the act of October 16, 1941, as amended, set up parallel legislation giving this Government the power to requisition articles on which the export was banned. This revolving fund was established by the President on November 26,

1941, by an allocation of \$200,000 out of his emergency fund. It is used to acquire those articles and it is, in substance, a revolving fund, because the articles ultimately are sold for other uses or for other purposes.

BACKGROUND, TRAINING, AND SALARIES OF CERTAIN PERSONNEL

Alter, Samuel A., Chief, Metals and Minerals Division, Requirements and Supply Branch, \$8,000. He has had 12 years of experience in the production and distribution of metals at the Crucible Steel Co. and the Aluminum Co. of America, and 8 years of experience in marketing and marketing research with Horlick's Malted Milk Co. and A. C. Nielsen Co. Furthermore, he has handled large forces of people, both within the home office and in the field selling at the time immediately prior to his employment by the Government, and he is soon to reenter private industry at a compensation of approximately twice that presently received from the Government.

Angell, James W., economic analyst, Office of Economic Programs, \$8,000. Of considerable importance in connection with his work in this agency is his experience obtained in research and studies made in Germany of German economic and industrial organization. His background is one of specialized knowledge and experience in international prices, foreign finance, foreign economic operations, and international supplies problems. From 1924 to 1944 he was a professor of international trade and finance at Columbia University in the city of New York at \$7,500 per annum. During this time he engaged in intensive research in these fields with emphasis on trade organization and operation in Germany. From 1941 to 1944 he was Director of the Review and Integration Staff of the War Production Board at \$8,000. In this capacity he was concerned with problems of United States and British supply and requirements of steel, copper, leather, chemicals, and other critical materials.

Bateman, Alan M., Assistant Director, Foreign Procurement and Development Branch, \$8,000. Dr. Bateman became consultant for the Board of Economic Warfare, now part of Foreign Economic Administration, in May 1942 and in October was appointed Chief of the Metals and Minerals Division. Subsequently he was made Assistant Director of the Foreign Economic Administration's Foreign Procurement and Development Branch in charge of the Metals and Minerals Division. In this position Dr. Bateman is responsible for the development of new sources of vital metals and minerals contributing to war production. For almost 30 years he has engaged in consulting work for several large mining and commercial companies including Anaconda Copper Co., Kennecott Co., American Metals, and in this connection has carried on investigations of mineral deposits in many parts of the world. Dr. Bateman taught economic geology at Yale University and has also written many articles relating to mining and mineral deposits. He earned up to \$60,000 per year.

Brooks, Derek, Chief, Machinery Division, Requirements and Supply Branch, \$8,000. Mr. Brooks is responsible for the management of a division of 82 employees engaged in analyzing and preparing foreign country requirements, representing Foreign Economic Administration on 10 War Production Board industry division committees, and reviewing and clearing lend-lease requisitions and approximately 1,100 export licenses daily. Directly prior to joining Foreign Economic Administration, Mr. Brooks had 15 years continuous export experience with the Westinghouse Electric International Co. The latter part of this time was spent as Chief of the Market Research and Development Department. He reported directly to the vice president and general manager of the International Co. and was responsible for the creation, organization, and management of the Westinghouse license and priority work. The positions he held in recent years at Westinghouse have given him heavy administrative experience in export distribution problems. Mr. Brooks' income as reported on his income tax returns was 1941, \$7,600; 1942, \$7,900; and 1943, \$7,900.

Burns, Arthur R., chief analyst, Office of Economic Programs, \$8,000. He has a broad background of business experience in commodity and utility operations and in business organization, both in Great Britain and the United States, and has also had substantial experience in the allocation of war materials. In addition, he has been a consultant and made studies for numerous business corporations in the cement and sulfur industries with reference to relations with foreign producers and supplies, and has been a special lecturer and faculty member of American and British universities on the subject of business organization. From 1939

to 1941 he was director of research of the Twentieth Century Fund, Inc., at \$10,000 per annum. With the coming of the war crisis he accepted the position as Chief of the Civilian Allocations Branch, Office of Production Management, 1941 to 1942. In this connection he was concerned with determining allocations of chemicals, textiles, timber, wood pulp, and other commodities in the light of domestic and foreign supplies and requirements. From 1942 to 1944 he was Deputy Director of Programs for the War Production Board at \$8,000.

Cassels, John M., head of the London Food Mission, \$8,000. Dr. Cassels presently heads the Foreign Economic Administration Food and Agriculture Mission in London where he is directing the final preparation of relief requirements for liberated areas in association with the Army, the Office of Strategic Services, United Nations Relief and Rehabilitation Administration, and the Office of Foreign Agricultural Relations. He has an outstanding educational background and substantial experience in this type of work. Dr. Cassels is a graduate of the University of Alberta where he majored in economics. In 1924, he was awarded a Rhodes Scholarship and studied at Oxford University. In 1927, he returned to the University of Alberta as assistant professor in economics. From 1931 to 1934, he did graduate work and was instructor in economics at Harvard. During 1934 and 1935, Dr. Cassels studied in Europe on a Social Science Research Council Traveling Fellowship where he undertook studies of European food marketing problems. At the time the Office of Price Administration was created, he became Assistant Administrator of the Consumer Division and continued in this capacity until 1942. In February 1942, Dr. Cassels became head of the Division of Marketing and Transportation Research of the Bureau of Agricultural Economics. From June 1942 to January 1943, he was Chief of the Requirements and Allocations Control of the Office of Agricultural War Relations. From January 1943 to September of that year, he was Chief of the Requirements and Allocations Control of the Food Distribution Administration of the War Food Administration. From September 1943 to January 1944 he was assistant to the Chief of the Agricultural Division of the Office of Foreign Relief and Rehabilitation Operations of the Department of State, and with the creation of the United Nations Relief and Rehabilitation Administration, served in a similar capacity. Dr. Cassels joined the staff of the Office of Food Programs in February 1944.

Ball, George W., associate general counsel, \$8,000. Mr. Ball received a B. A. degree in 1930 and a J. D. degree in 1933 from Northwestern University. From 1933 until 1935 he was in Washington in the general counsel's office, first of the Farm Credit Administration and later of the Treasury Department. From 1935 to 1942 he engaged in private practice in Chicago, earning up to \$11,000 per year. Early in 1942, following America's entry into the war, he joined the general counsel's office of the Lend-Lease Administration at a salary of less than half of that he was receiving from private practice. Mr. Ball subsequently became associate general counsel of Lend-Lease Administration and on the establishment of the Foreign Economic Administration in September 1943, became associate general counsel of that organization. He has had more than 4 years of Government experience and 7 years experience in private practice. He has acted as one of the legal advisers on lend-lease matters since the early days of the lend-lease program, and, with the exception of the general counsel, has had the widest experience of any lawyer with that program and related foreign economic activities of the Government.

Dawson, John P., Chief, Middle East Supply, \$8,000. Mr. Dawson received his A. B. from the University of Michigan in 1922, and his J. D. in 1924. As a member of the staff of the University of Michigan Law School from 1927 through June 1942, Mr. Dawson instructed and specialized in economic problems, particularly those raised by monetary inflation in Europe. From May 1943 until December 1943, he served as Chief of the Near Eastern Section of the Blockade Division of the Office of Economic Warfare, with responsibility for directing a staff of economic analysts concerned with a review and analysis of middle eastern requirements and the operation of wartime controls over trade with Middle East. In December he was appointed to his present position as Chief of the Middle East Division, Special Areas Branch, Bureau of Areas, Foreign Economic Administration, where he is responsible for formulating, directing, and coordinating the United States economic programs in the Middle East for which his previous assignment had qualified him.

Coe, Frank, Assistant Administrator, Office of Economic Programs, \$8,000. He is in charge of the office which is responsible for advising on economic programs and policies, and problems of foreign trade and finance. He has had substantial

specialized experience in the field of foreign trade and international finance. From 1934 to 1941 he held various positions with the Treasury Department dealing with foreign exchange rates, foreign funds control, commercial policies, and foreign investment. He was also Assistant Director of the Division of Monetary Research in the Treasury Department. In 1941 he served as Financial Attaché and Special Assistant to the Ambassador of the United States in England at an annual salary of \$9,000. For part of 1941 and 1942 he was the Executive Secretary of the Joint War Production Committee of the United States and Canada. In 1942 and 1943 he served as Chief of the British Empire Division and Assistant to the Executive Director of the Board of Economic Warfare and as adviser to the United States-Mexican Committee on Economic Cooperation.

Danielian, Noobar, economic analyst, Office of Economic Programs, \$8,000. He has had considerable specialized experience in the fields of shipping, foreign trade, communications and power, which has a direct bearing on his present position. During 1932 to 1933 he served as economist for the House Committee on Interstate and Foreign Commerce and from 1935 to 1938 he acted in the capacity of adviser to the Federal Communications Commission on financial and utility problems. He spent 2 years from 1938 to 1940 as director of research for the Senate Committee on Civil Liberties and from 1940 to 1943 he was director of the St. Lawrence survey, Department of Commerce, at \$9,000 per annum. His work in that connection involved comprehensive analyses of the shipping and foreign commerce of the United States.

Duncan, Walter H., Assistant Administrator, in charge of Office of Budget and Administrative Planning, \$8,250. Mr. Duncan has had wide governmental experience as follows: Civil Works Administration, Nevada Emergency Relief Administration, Work Projects Administration, and Federal Works Agency—1933 to 1944 in capacities of State auditor, State director of finance, chief regional examiner for 12 western States, Director of Budget Section, Washington, D. C., Director, Division of Administration, Director, Division of Management, Director, Division for the Liquidation of the Work Projects Administration. Salary since 1942, \$8,250. Prior to entering Government service between 1912 and 1923, he was manager, Sierra Valley Bank, Loyalton, Calif., Sierra Valley Creamery, Loyalton, Calif., Sierra Auto Supply Co., Loyalton, Calif., and Reno, Nev.—private insurance business—all simultaneously averaging \$15,000 a year. From 1926 to 1930 he was sales manager of an automobile agency, \$9,000 a year.

Emerson, Rupert, Director of the Liberated Areas Branch, \$8,000. Mr. Emerson was formerly Assistant Administrator of the Office of Lend-Lease Administration in charge of lend-lease activities in territories liberated from enemy control. Prior to that time he was Regional Administrator for Territories and Possessions in the Office of Price Administration and member of the staff of the Coordinator on Inter-American Affairs and Director of the Division of Territories and Island Possessions in the Department of the Interior. Before joining Government service in 1940, he was a member of the faculty of Harvard University, specializing in the field of international relations. He spent considerable time in various European countries, and from 1932 through 1933 he spent a year in and near Singapore. He has a knowledge of French, German, Dutch, and Spanish, which together with his experience abroad, teaching, and in the Government service, qualify him to discharge the important work in which he is now engaged. His salary for some time prior to joining the Government amounted to approximately \$8,000 per annum, and he has remained at that level during his 4 years in the Government service.

Fischer, John S., special representative, India, \$8,000. Mr. Fischer has served in New Delhi since August 1943, and as such has been in charge of the procurement program, the commercial export program, and the relations with the military in collecting and analyzing economic intelligence about the enemy. Effective November 15, 1943, Mr. Fischer was designated as a special representative for all Foreign Economic Administration activities in India. Mr. Fischer has an unusually broad and intimate knowledge of the Foreign Economic Administration, of relationships with the military and other governmental agencies, and with the British. This grew out of his experience in Government positions in Washington and in newspaper and academic work here and abroad. Mr. Fischer has become, by virtue of his experience with the Foreign Economic Administration, expert in the economic functions which are especially important in India. He has also demonstrated unusual skill in establishing effective relationships with the military and with officials of the Government of India and with the British Government.

Fleming, John R., Deputy Director, Special Areas Branch, \$8,000. Mr. Fleming entered Government service in 1930 as a special agricultural writer in

the Department of Agriculture at \$4,600. Since then he has served as Assistant Director of Information in the Department of Agriculture, and Director of Economic Information \$5,600-\$7,000; and later, Deputy Director, Office of Facts and Figures, and Office of War Information. Mr. Fleming has been with this agency since May 1943, but has received his present salary since January 1942. His governmental administrative experience, combined with his economic training, writing talents, and analytical ability all contributed to his selection, and his fine performance in his present position.

Freedman, Walter, Deputy Director, Requirements and Supply Branch, \$8,000. Since 1938 he has served with the Securities and Exchange Commission as attorney and later assistant to Commissioner Healy; with the Bituminous Coal Division, Department of the Interior, as Chief of the Legal Research Section; and then as Chief Counsel for the Office of Exports of the Board of Economic Warfare. Mr. Freedman was appointed to his present position as Deputy Director of the Requirements and Supply Branch after having served for over a year and a half as counsel to the Office of Exports and later as special assistant to the Chief of Office of Exports. In these capacities he acquired an intimate knowledge of the export activity and his previous governmental experience has fully equipped him for handling interagency matters. Because his experience is confined to Government service, no fair comparison can be made with past earnings. However, Mr. Freedman's present salary is far below that which he has been offered by several private firms.

Gibboney, Carl N., Food Production and Procurement Division, \$8,000. Mr. Gibboney was born and reared on a farm in Darke County, Ohio, and graduated from the college of agriculture, Ohio State University. He spent 12 years as county agricultural agent in Preble County, Ohio, 4 years in a regional office of the Farm Security Administration, and almost 4 years in the national office, 2 years of which was as Director of the Rural Rehabilitation Division. He left the position as Director of the Rural Rehabilitation, Farm Security Administration, the 1st of November 1943 to accept his present duties with the Foreign Economic Administration. Although Mr. Gibboney's experience is primarily in the domestic field of agriculture and food handling rather than in foreign production and procurement operations, his experience and capabilities are such that he efficiently directs a staff of specialists who have experience in foreign purchase of foodstuffs and a staff of experts who are experienced in food production in foreign countries. Moreover, Mr. Gibboney's long experience in public administration makes his services particularly valuable in an organization made up so largely of individuals whose experience is entirely in the private commercial field.

Hanson, Simon G., Chief Economic Analyst, Office Economic Programs, \$8,000. His broad experience in international trade was principally concerned with Latin America. He has traveled extensively in South America and has made personal studies on the ground of economic and financial organization and operations in Latin America. He has been from time to time financial adviser at Inter-American conferences. During 1939-40 he was an economist for the United States Treasury, engaged in the analysis of Latin American financial problems, including the appraisal of applications for loans to the Export-Import Bank, study of silver, gold, and currency problems, public finance developments, dollar-bond settlements, and other related matters. From 1940-41 he was Chief Economist in the Office of the Coordinator of Inter-American Affairs, and concentrated on foreign exchange, trade, and public finance developments in Latin America; and was also responsible for the preparation of plans regarding strategic materials production in that area. From 1941-43 he was an assistant division chief in the Department of State and was concerned with Latin American import requirements of various supplies and their relations to and effect upon war developments on those countries and in the United States.

Hazard, John N., Deputy Chief of the Division for Soviet Supply, \$8,000. Entered Federal service in July 1941 as Principal Liaison Officer, Section for Soviet Supply of Division for Defense Aid Reports. Promoted to Chief Liaison Officer, Division for Soviet Supply, Lend-Lease Administration, \$8,000, March 1942, when responsibilities of the Division increased with the expansion in the Soviet aid program. Remained in same position, designated as Deputy Chief of the Division for Soviet Supply under Maj. Gen. Charles M. Wesson, when the Lend-Lease Administration was incorporated in the Foreign Economic Administration. Employed in large measure because of speaking knowledge of Russian and understanding of Soviet procedures with which Lend-Lease was required to be familiar. In particular, he had studied for 3 years in Moscow under a fellowship granted by the Institute of Current World Affairs of New York. Author of Soviet Housing Law (Yale University Press, 1939) and numerous papers

on Soviet law and institutions, published in *Columbia Law Review*, *Michigan Law Review*, *University of Chicago Law Review*, *Tulane Law Review*, *Journal of Criminal Law and Criminology*, *American Bar Association Journal*, *American Arbitration Journal*, and others. Lecturer part time on Soviet law and Soviet political institutions, University of Chicago, 1938-39; Columbia University, 1940-41.

Hewlett, Gregory, Chief, Far East Division, \$8,000. This position calls for ability in administration and the direction of professional and clerical employees in research and the presentation of the results of that research primarily for the military services. Mr. Hewlett has had the experience required for a position with this responsibility and before being formally appointed to this position he proved his ability during a 1-year tenure in an acting capacity. He was graduated from Rutgers University in 1929, majoring there in journalism and for the next 12 years was engaged in newspaper work. During most of this period he was in a semiadministrative capacity as editor and his last position was city editor of the Associated Press in New York City. In mid-1941 he joined the Farm Security Administration in region I at Upper Darby, Pa. He was first regional information adviser but after 3 months became executive assistant to the regional director, largely an administrative position, and some 7 months later he became assistant regional director. On December 1, 1942, he transferred to the Board of Economic Warfare as Assistant Chief of the Enemy Branch, later becoming Acting Chief of the Economic Objectives Division which had the responsibility for analysis of enemy industry and transportation in both Europe and the Far East. Because of his relatively long experience in economic analysis leading toward target selection, he is uniquely qualified in this field.

Higgins, John R., chief engineer in Ethiopia, \$8,000. Pursuant to an agreement between the Government of the United States and the Government of Ethiopia an American technical mission has been sent to the latter country to assist it in developing its resources. Mr. Higgins is the chief construction engineer of this mission. He is eminently qualified for this work having been continuously engaged in construction work since 1914. His experience covers every phase of construction engineering. He has superintended the building of piers, bridges, river tunnels, warehouses, highways, floating docks, storm sewers, etc., and has had foreign construction work both in Mexico and in the northeastern part of Africa. In the last-mentioned locality he was in charge of a private construction operation having complete responsibility and supervision of 6,500 employees. Immediately prior to joining the Foreign Economic Administration staff his annual salary was \$14,400.

Hunt, E. E., Chief, Italian Division, \$8,000. Before appointment with Foreign Economic Administration, Mr. Hunt was Associate Director of the Division of Field Operations with Office of Foreign Relief and Rehabilitation Operations, and previous to that, Chief Industrial Economist with the War Production Board, both positions at the salary of \$8,000. During the last war he was deputy commissioner in Europe for the American Red Cross, with the military rank of major, and also Chief of the Bureau of Reconstruction (France) and Director General of Civilian Relief in Italy. For some 20 years after the last war, he held several positions in private industry and in public service, his average/annual earnings exceeding his present salary. He is the author of several studies dealing with the social and economic consequences of war, and has been associated with such groups as the President's Conference on Unemployment, the Research Committee on Social Trends, the Twentieth Century Fund, Inc., and the United States Coal Commission. Both his academic background and his extensive experience directly qualify him for his present position.

Huse, Robert E., Chief, Foreign Economic Service Staff, \$8,000. Mr. Huse has had more than 8 years of experience as an administrative officer in the Federal Government, preceded by some 12 years of business and managerial experience, 8 years of which brought him in close touch with the operations of several State governments. Of his 8 years in Federal service, at least 6 years have been devoted to the type of work to which he is now assigned in the Foreign Economic Administration—the general supervision of field operations, coupled with program and operations coordination. He was previously employed as Chief Area Program Coordinator in the Office of Imports of the Board of Economic Warfare. Prior to his connection with the Board of Economic Warfare he served as Deputy Director in Chief of Field Operations, Office of War Information, and prior to that he served as executive officer of the Office of Facts and Figures. Still earlier, from 1936 to December 1941, he was a member of the staff of the Social Security Board, from 1938 on, specializing in supervision of field offices and coordination

of program activities in a Nation-wide system of field offices. Before entering the Federal Government service in 1936, Mr. Huse was for 8 years a member of the staff of the New England council, economic research and development organization sponsored by the Governors and the agricultural community, and business organizations of the 6 New England States.

LaSpina, Albert F., Chief Administrative Officer, Colombia, \$8,000. As Chief of Mission for the Foreign Economic Administration in Colombia, Mr. LaSpina is responsible for the direction and coordination of Foreign Economic Administration's activities with other United States agencies in Colombia. He is a college graduate, his studies having included marketing, economics, and other subjects relating to world trade. He speaks several languages, including Spanish, which is vital to his work in Colombia. Before his employment by the Government, Mr. LaSpina was an executive in various heavy construction enterprises, earning up to \$18,000 per year. As Special Field Representative for the Work Projects Administration he was sent to Puerto Rico and the Virgin Islands. This assignment gave him added knowledge of Spanish, of the Latin-American temperament and culture, and of Caribbean economics. Because of his educational background, experience, and previous salary, Mr. LaSpina is very well qualified for his present position and salary.

Lebensburger, S. H., Director, Requirements and Supply Branch, \$8,000; Administrative Officer, Lend-lease Administration, 1942-43, \$6,500. Mr. Lebensburger, by training and experience, is a public relations specialist. He has had 18 years business experience and his earnings during the past 10 years have been between \$10,000 and \$13,000 per year. He joined the Office of Lend-Lease Administration in May 1942 as Head Liaison Officer with the War Production Board. As he acquired a better knowledge of Government operations, he was given added responsibilities commensurate with his ability. Prior to the merger he was in charge of the requirement operations in Lend-Lease. This work entailed the supervision of commodity officers in their relationship with the allocating agencies. His present responsibility is an enlargement of this former work plus the supervision of the export regulations. His administrative ability and his intimate knowledge of Government operations has enabled him to lead effectively one of our largest-operating branches.

Lewis, Ben W., Economist, Office of Economic Programs, \$8,000. He has extensive experience and a broad background in price and production controls both domestic and foreign and in matters of foreign relief. In this connection he has engaged in considerable research in Great Britain and has been a staff economist of the Brookings Institution and a university professor. From 1941 to 1943 he served as assistant to the Deputy Administrator in the Office of Price Administration. In 1943 he was price adviser to the Government of Colombia. During 1943-44 he served as Chief of the Distribution Section, Office of Foreign Relief and Rehabilitation Operations.

Lorwin, Lewis L., Economic Adviser to the Director, Bureau of Supplies, \$8,000. Mr. Lorwin has been economic adviser and consultant to private and Government agencies for many years. In 1942-43 he was Economic Adviser for the National Resources Planning Board and consultant for the Office of Economic Warfare. From 1925 to 1935 Mr. Lorwin was a member of the staff of the Brookings Institution. He was also acting director of the Brookings Graduate School of Economics and Government. From 1935 to 1939 he was economic adviser and Chief of the Economic Section of the International Labor Office, Geneva, Switzerland, salary, \$10,000, and was in charge of all economic research. Mr. Lorwin, who holds a Ph. D. from Columbia, has written several books and magazine articles on economic problems.

MacChesney, Brunson, special representative, Africa, \$8,000. Brunson MacChesney has been in the employ of the United States Government since July 1941 at which time he was assistant general counsel of the Office of Price Administration in charge of enforcement at a salary of \$8,000. He joined the Board of Economic Warfare, now Foreign Economic Administration, in February 1943 at \$8,000. In May 1943 he went to Dakar as chief representative of the Board of Economic Warfare, and in December was transferred to Algiers as Chief of the Procurement and Development Division representing Office of Economic Warfare, and later became Acting Chief of the Foreign Economic Administration mission in that area. He returned to Washington in May 1944 where he is now awaiting reassignment. Prior to entering the Government service, Mr. MacChesney had substantial experience, first, as legal secretary to Commissioner Landis in the Securities and Exchange Commission, from September 1934 to August 1935, and as an instructor at Harvard University, University of California, and North-

western University. He was also associated with the law firm of Sidley, McPherson, Austin & Burgess, Chicago, Ill. During these employments, he acquired considerable training and experience in the fields of commerce and business administration. Mr. MacChesney's work for Board of Economic Warfare, Office of Economic Warfare, and Foreign Economic Administration has been outstanding, particularly in Algiers where he served in conjunction with the State Department's principal economic adviser in negotiating with the French on the stock-piling of surplus commodities for use in liberated areas; he also participated actively in other highly delicate, difficult, and important negotiations.

McCamy, James L., Executive Director of the Bureau of Areas, \$9,000. In 1942 Mr. McCamy joined the staff of the Board of Economic Warfare as assistant to the Executive Director, in which capacity he served on the policy-making group in connection with all programs and operations in the field of export control, procurement of strategic materials, and the waging of economic warfare. In addition to this work he coordinated the establishment of all the foreign offices of the Board of Economic Warfare, which experience gives him special competence in the area work for which he is now responsible. Prior to joining the Board of Economic Warfare he served as assistant to the Secretary of Agriculture designated by the Secretary to coordinate all programs and operations of the Department to meet the impact of the European war on American agriculture and to relate the agricultural programs to other programs involved in preparing for the defense or possible entry into the war by the United States. He also served as secretary of the Agricultural Advisory Council, the work of which involved international aspects of trade, and the original dealings with foreign governments on supplies from the United States, including first purchasing in the United States of Federal supplies for export to countries at war with Germany. He further served as a member of the Advisory Committee on Export Control in 1940 to prevent Axis economic penetration in Latin America. Prior to entering Government service in 1939, Mr. McCamy specialized in Government administration and was for 5 years professor of that subject at Bennington College. Since 1939 Mr. McCamy has been working on problems related to the war, and the wealth of experience which he has had during this period in various capacities as outlined above, eminently qualify him for the responsible position which he now holds.

Martin, Laurence J., director, Transportation and Storage Branch, \$8,000. From November 2, 1942, to December 31, 1943, senior assistant administrator, \$8,000, Lend-Lease Administration, in charge of operations consisting of the Requirements Control Division, Transportation and Storage Division, and Redistribution Division; May 1, 1941, to November 1, 1942, Assistant Chief, Bureau of Priorities, War Production Board, \$1 per year (rated \$8,000); January 1936, to April 30, 1941, assistant to president, Thomas A Edison, Inc., Special Assistant, Deputy Administrator, and Acting Administrator, National Recovery Administration, \$3,000 to \$9,500; June 1932 to August 1933, self-employed; June 1927 to June 1932, superintendent of textile production, Tubize-Chatillon Corporation, Hopewell, Va.; 1921 to 1927, plant manufacturer and treasurer, Mayhew Steel Products Corporation, Hopewell, Va.; 1917 to 1921, water-front superintendent and secretary, Drummond Lighterage Co., Seattle, Wash.; 1913 to 1916, water-front superintendent, Chesley Tug & Barge Co., Seattle, Wash. Mr. Martin's experience, as indicated, has all been in the administrative phases of shipping, transportation, etc., and his past earnings have far exceeded his present salary.

Newman, James R., chief administrative officer at London, England, \$8,000. Mr. Newman serves as Chief of the Enemy Economic Intelligence Section of the American Embassy in London, where he is responsible for directing the procurement, assembly, analysis, and effectiveness in the dissemination and use of enemy economic intelligence. He has served in this capacity for a year and has been successful in coordinating the activities of Foreign Economic Administration with those of United States Military Intelligence, the Eighth United States Army Air Force, and the British Ministry of Economic Warfare. During this period he expanded and developed one phase of intelligence work to the point where it became the most reliable source of economic intelligence concerning European enemy countries and the methods and techniques developed by him and his associates are being applied in similar work in the Far East. Prior to joining the staff of Foreign Economic Administration, Mr. Newman had Government experience with the War Production Board and War Department. He also served as a practicing attorney in private practice, and is the author of *Tools of War*, which is used as a textbook at West Point, the Army Air Force Intelligence School, and at various military establishments throughout the country.

Nitze, Paul H., Director, Foreign Procurement and Development Branch, \$8,000. Mr. Nitze has been associated with the economic and commodity procurement phases of the war effort since the start of his employment with the Coordinator of Inter-American Affairs in July 1941. He transferred to the Board of Economic Warfare in May 1942 as Assistant Chief of the American Hemisphere Division. Shortly after his transfer he was made Assistant Chief of the Development Branch, Office of Imports. He was subsequently appointed as Chief of the Metals and Minerals Branch. Because of his demonstrated ability, he was selected to succeed Mr. Scheuer after the latter's appointment as Executive Director of the Bureau of Supplies. He had a highly specialized university training in economics, and has had substantial business and executive experience in the fields of foreign commerce and finance. He was connected with Dillon, Read & Co. for several years, earning up to \$40,000 per annum, and then went into business for himself.

Orchard, John E., Director, General Areas Branch, \$8,000. The principal qualification for this position is an intimate knowledge of the manufacturing industry, agriculture, transportation facilities, foreign commerce, financial structure, and resources of the areas included within the Branch. Mr. Orchard has devoted the past 25 years to the study of the economies of the leading countries of the world. During that period, he spent more than 3 years in Europe and Asia and visited personally hundreds of industrial establishments of all sorts, including factories, port facilities, mines, and other sources of raw materials in practically every country of the two continents. He has also established and maintains a wide acquaintance with businessmen in these areas. Mr. Orchard has held a position in the Lend-Lease Administration and in the Foreign Economic Administration comparable to the present one since October 1941 and is one of the best-informed men on all aspects of the lend-lease program. Mr. Orchard is on leave of absence for the war period from Columbia University where he is professor of economic geography and head of the department of economic geography in the school of business. His university salary was \$7,800 which, it should be noted, covered teaching for a 9-months' period and which could have been augmented by at least another \$1,000 by teaching in the summer session. Columbia University has recently increased Mr. Orchard's salary to \$8,300 even though he is still on leave of absence.

Parisius, H. W., Director, Office of Food Programs, \$8,000. Born on a farm in Wisconsin, Mr. Parisius throughout his early life was familiar with farm operations and during his student days was employed in farming operations during summer vacations. In 1924 and the 4 years following, he operated a ranch of approximately 1,000 acres in the Central Valley of California. While in California, he was engaged in the large-scale production of cereals, grains, rice, vegetables, fruits, and hogs. Mr. Parisius also managed a dairy farm in Wisconsin for 5 years. His first Government service began in 1935 at which time he was in charge of rural rehabilitation for the Wisconsin Rural Rehabilitation Corporation. He became assistant to the Secretary of Agriculture in 1940. Later that year, he became Assistant Regional Director of the Farm Security Administration for the region comprising Wisconsin, Minnesota, and Michigan, where he was in charge of agricultural rehabilitation. In June 1942 he was appointed Associate Director of the Office of Agricultural War Relations which was responsible for the coordination of the wartime food activities of the Department of Agriculture, and for maintaining liaison with the other war agencies. In December of that year, he was made Director of Food Production in the Department of Agriculture. With the formation of the Office of Foreign Relief and Rehabilitation Operations, Mr. Parisius was placed in charge of the food and agriculture work for that organization, and he headed the first food and agriculture mission to north Africa shortly after its occupation by Allied forces.

Ray, J. Franklin, Jr., Chief of Foreign Economic Administration China mission, \$8,000. Mr. Ray went to China and India in 1943 (a) to establish a Lend-Lease China mission and (b) to determine a sound basis for the maintenance of the reserve stocks held in India to meet China's current and future requirements. When Foreign Economic Administration was created he successfully consolidated the former Lend-Lease and Office of Economic Warfare operations in China, and as a result of his work there has been developed a joint Foreign Economic Administration-Army control of Chinese inventories in India. He is especially well-qualified for this work by reason of former residence in Japan and China, life-long contacts with and interest in problems of the Orient, and over 2½ years of intimate practical experience with the United States-China supply program. His work entails a thorough knowledge of Foreign Economic Administration policy,

familiarity of the history of United States-China supply programs dating back to pre-Pearl Harbor days and a knowledge of the various commitments made between the two countries. It requires tact, resourcefulness, and the ability to reconcile the interests of various groups in working toward a specific objective. The best evidence of Mr. Ray's competence is the esteem in which he is held by the Chinese authorities and the commanding general's staff in the Chinese theater of operations.

Reese, Benjamin H., Jr., Chief, Preclusive Buying Division, Foreign Procurement and Development Branch, \$8,000. Since June 1942, Mr. Reese has been actively engaged in the Agency's preclusive operations programs. He has demonstrated outstanding ability and foresight in the performance of his duties for which he was well qualified before coming with this Agency inasmuch as during the period 1935-41 he served at a salary of \$75,000 per annum as president of Tokalon, S. A., Paris, excluding bonuses which were up to \$15,000 per year; governing director of Tokalon, Ltd., London; and vice president of International Laboratories, Inc., of Panama. As active head of the Tokalon business enterprises, which incidentally did the largest cosmetic business in Europe, he was familiar with the trade and markets in France, England, Switzerland, Spain, Portugal, Belgium, Poland, Austria, Hungary, Rumania, Greece, Turkey, Egypt, Norway, Germany, and Italy.

Reynolds, George M., Chief, Relief and Rehabilitation Division, Office of Food Programs, \$8,250. Mr. Reynolds was Mississippi State director of Farm Security Administration from 1935 to 1938, and was in charge of the agricultural rehabilitation program covering approximately 20,000 farms in the State and supervision of over 500 employees. From 1938 to 1941, Mr. Reynolds was a director and in charge of fellowship awards for the Rosenwald Fund at a salary of \$9,000 per annum. In 1941, he resumed Government service, becoming Assistant Administrator of the Surplus Marketing Administration of the Department of Agriculture at \$8,000 per annum. In this capacity, he was responsible, in cooperation with another assistant administrator, for the first year of the lend-lease food program, including negotiations with the British Food Mission and other foreign missions. He was also in charge for Surplus Marketing Administration of expansion of food processing, and supervised about 1,000 employees in this position. In February 1942, Mr. Reynolds joined the staff of the Board of Economic Warfare to become Chief of the Development Branch. His work was concerned with the development and procurement of rubber, metals, balsa, mahogany, and agricultural commodities. In 1943, Mr. Reynolds became Chief of the Equipment Exports Staff of the Board of Economic Warfare, where he was in charge of the allocation, procurement, and expediting of equipment necessary for wartime development projects in foreign areas. He has had charge of substantial Washington and field staffs, for several years. His salary in these two positions was \$8,250 per annum.

Ryerson, Knowles A., special representative at San Francisco, assigned to the South Pacific Division, \$8,000. Mr. Ryerson is officially attached to the staff of Admiral Chester K. Nimitz, United States Navy, and also represents the United States Commercial Company in the South Pacific area. His time is divided between the head office in New Caledonia, San Francisco, and Washington. In addition to performing all functions incidental to Foreign Economic Administration operations throughout the South Pacific area, he also directs all food production, development work throughout the islands and the distribution of essential goods to the natives. His background and experience in private industry, United States Department of Agriculture, as head of the Haitian Department of Horticulture, and as dean of the college of agriculture of the University of California, as well as his experience as a member of the original mission of Admiral Byrd to the South Pacific eminently qualify him for the duties which he is now discharging. His competence has been attested to in official reports of the armed forces.

Sherwood, Sidney, assistant to the Administrator, \$9,000. He is primarily responsible for seeing that all matters coming to the Administrator's attention have had proper clearance and for special assignments directly from the Administrator. He has made an impressive record through more than 10 years of Government experience qualifying him particularly for his present position which requires, among other things, the ability to deal directly and on a par with the top officials within Foreign Economic Administration and other Government agencies. 1933-34 Farm Credit Administration; regional manager, Eastern States; Executive Office and assistant to National Director, Emergency Crop Loan Division, \$3,000 to \$5,600; 1934-35 Treasury Department, Office of the Secretary, \$5,600;

1935-40 district supervisor, Alcohol Tax Unit and Coordinator, Treasury enforcement agencies including Secret Service, Coast Guard, Alcohol Tax, Narcotic Agents, Intelligence and Customs for New England district. Salary \$5,600 to \$6,500; 1940-42 Assistant Secretary, Advisory Commission to the Council of National Defense which included coordination of early defense activities, and presiding at the Defense Commission meetings in the absence of the Secretary; Director of the Division of Central Administrative Services, Office for Emergency Management; assistant liaison officer, Office for Emergency Management, \$8,000 to \$9,000; 1942 Executive Office, Industry Operations, War Production Board; senior member of the staff of the Combined Production and Resources Board, \$9,000; 1943 assistant to the Executive Director of the Combined Production and Resources Board responsible for establishing liaison with United States national agencies and making special studies of foreign requirements and production capacities for locomotives and trucks; Secretary of the Combined Truck Committee; consultant to Justice Byrnes, Office of War Mobilization, for the review of foreign-requirements programs, particularly lend-lease, \$9,000. He is a graduate of Princeton, B. A. 1923.

Shire, Albert C., assistant chief engineer, \$8,000. Mr. Shire, as assistant chief engineer, serves as executive officer of the Engineering Service. He has had general technical direction of engineering programs for Italy, France, Greece, and other to-be-liberated countries of Europe, as well as for the Caribbean area. Mr. Shire for 14 years was construction engineer, manager, and consultant for private concerns and was technical editor of the Architectural Forum earning up to \$8,500 a year. In 1933 he became engineer with the Public Works Administration and later was chief engineer of the Federal Housing Administration. From January 1938 to December 1942 he was technical director of the United States Housing Authority at \$7,500 a year. After joining the Board of Economic Warfare in December 1942, he organized and headed Board of Economic Warfare technical missions to increase production of industrial alcohol and to inspect production of various strategic materials in Cuba, and to improve use of fuels in Puerto Rico and the Dominican Republic.

Smith, Lawrence M. C., principal representative, Dakar, \$8,000. Mr. Smith is now en route to Dakar where he will act as special representative of the Foreign Economic Administration in the area, including French west Africa, French Equatorial Africa and the Cameroons. He will be responsible for the conduct of Foreign Economic Administration programs in that area, and will also act as principal agent of the United States Commercial Company. A graduate of the University of Pennsylvania, and the University of Pennsylvania law school, Mr. Smith was an associate in the legal firm of Montgomery & McCracken, Philadelphia. He also served as general coordinator in the Legal Division, National Recovery Administration, and as associate counsel with the Securities and Exchange Commission, during which he acquired considerable commercial and trade experience, and recently as chief of a unit in the Department of Justice at a salary of \$8,000. His record was outstanding in all of these positions. He joined the Foreign Economic Administration at the same salary he had been receiving in the Department of Justice.

Stone, William T., Director, Special Areas Branch, \$9,000. Mr. William T. Stone was originally appointed to the Board of Economic Warfare on December 8, 1941, as Assistant Director at \$8,000; on October 1, 1942, he was appointed as Assistant Director in charge of the Office of Economic Warfare Analysis at \$9,000; on February 7, 1944, he was officially transferred to his present position. Mr. Stone has been a specialist on foreign affairs for more than 20 years. After graduating from Reed College in Portland, Oreg., he attended the school of economics at the University of London, London, England. From 1923 to 1924 he was a freelance correspondent in Europe contributing articles to British and American newspapers. From 1924 to 1934 he was editorial assistant to the Foreign Policy Association, Inc., of New York. In 1928 he became the Washington representative of that association, and from 1934 to 1941, he was vice president of the Foreign Policy Association. He has been in charge of the economic-warfare work since the day after Pearl Harbor, and has gained the confidence and admiration of both military branches of the Government by virtue of his actual accomplishments in this vital part of the direct war effort.

Warner, Kenneth O., Assistant Administrator for Personnel, \$8,000. During the past 10 years, Mr. Warner has had practical, progressively responsible experience as an administrator and consultant with both private and public agencies. His long experience as an executive, supplemented by his background of graduate

studies and university professorships in business and public administration eminently qualify him for his present post. December 1943-present, Assistant Administrator, Foreign Economic Administration, \$8,000; June 1942 to December 1943, Director of Personnel, Office of Price Administration, \$8,000 from July 1943, \$6,500, June 1942 to July 1943; September 1941 to June 1942, professor and head, department of political science, University of Tennessee, \$5,700; August 1938 to August 1941, director, Northwest Regional Council, Portland, Oreg., \$5,600; June 1937 to August 1938, Arkansas State personnel director, \$5,000; January 1935 to May 1937, consultant, American Municipal Association, \$4,250; September 1931 to January 1935, associate professor, political science, University of Arkansas, and director, Arkansas Municipal League, Fayetteville, Ark., \$3,000; 1929-31, research fellow, Brookings Institution, Washington, D. C., \$1,500; 1926-29, assistant, department of political science, University of Washington, Seattle, \$900. Other assignments included consultant on public administration training, Tennessee Valley Authority, 1941-42; Civil Service Assembly Committee on Public Relations of Public Personnel Agencies, 1940-41; Governor Parnell's Commission on Reorganization of Arkansas State Government, 1932.

Ways, Max, Assistant Director, Special Areas Branch, \$8,000. On April 15, 1942, Mr. Ways was appointed to the Board of Economic Warfare, and on October 1, 1942, he was appointed Assistant Chief of the Enemy Branch at \$6,500 per annum. In that capacity he took part in the organization of the Board of Economic Warfare's work for the armed forces on economic objectives of strategic bombing. In January 1943, he was appointed Chief of the Economic Potential Division at \$8,000 per annum, directing continuing investigations for the armed services on the economic ability of Germany and Japan to supply their military machines. Mr. Ways has just returned from consultations with Foreign Economic Administration and United States Army Intelligence officers in London, Algiers, Naples, Cairo, New Delhi, Kummung, and Chungking. At present he is Assistant Director of the Special Areas Branch and represents the Foreign Economic Administration on the Joint Intelligence Staff of the Joint Chiefs of Staff. Prior to entering Government service, Mr. Ways was engaged in newspaper work, specializing in foreign affairs.

Wright, Quincy, consultant on international law, \$8,000. Mr. Wright is one of the leading authorities on international law in the world. He has written numerous works on the subject, and for 20 years, has been an editor of the *America Journal of International Law*. He is also the author of *A Study of War* which is regarded as the most comprehensive treatment of the subject, and he has had extensive experience as an investigator of international affairs in the Near East, the Far East, Europe, and Mexico. He has taught at the University of Chicago for 20 years, and his most recent salary there was \$8,000 per year, which was, however, supplemented by at least \$2,000 annually on outside lecture fees.

Fellows, Perry, engineer, technical mission to Ethiopia, \$9,000. Mr. Fellows has the highest professional standing in the fields of engineering and municipal management. He was city engineer for Detroit for several years during its period of greatest development, and has also had extensive experience in bridge, dock, terminal, and other railroad construction with several of the larger railroads. Since 1933 he has been associated with Federal work-relief activities, first as Assistant Chief Engineer of the Civil Works Administration (1934-35); Assistant Chief Engineer and Director of the Municipal Division of the Work Projects Administration before appointment as Chief Engineer December 1940 and Assistant Commissioner (June 1942), salary, \$9,000.

Anderson, Rex A., Assistant Administrator, Office of Management Services, \$6,500. Mr. Anderson is qualified for his present duties by reason of approximately 10 years' experience with the Federal Government, all of which time he has spent specializing in the field of administrative management in fiscal, personnel and management services activities. Prior to his present assignment he held the office of Assistant Chief of the Office of Administrative Management continuously with the Economic Defense Board, the Board of Economic Warfare, the Office of Economic Warfare and the Foreign Economic Administration, and is, therefore, thoroughly familiar with the organization and its management services problems. It was this experience and background which led to his selection for his present position. Prior to joining the staff of the Economic Defense Board, Government services include experience in the Treasury Department and the Civil Works Administration. Before entering Government service in 1933 he had more than 10 years' experience in private business in fields involving office management and related activities. He served in the United States Army during the first World War, prior to which time he was employed by the Post Office Department.

Andrews, George H., consulting engineer, \$6,500. He is an industrial and management engineer who specialized in development of consumer products, including textiles, shoes, clothing, paper, household goods, containers, automotive equipment, radios, and farm implements; also has done considerable work for the lumber, machine shop, foundry, stamping and leather industry. From 1920 on and until coming with the Government, he engaged in his own management engineering business operating in industrial plants throughout the country, and earned up to \$20,000 per year.

Asay, Ivan T., Deputy Assistant Administrator for Budget and Administrative Planning, \$6,500. For the 7 years prior to joining the Foreign Economic Administration staff, Mr. Asay was engaged in administrative work with the Social Security Board as follows: Assistant Chief, Division of Plans and Grants at \$3,800, Chief, State Financial Planning Section, \$4,600, assistant regional director in Denver, \$5,600, assistant to the executive director, \$5,600, Chief, Field Operations Division, \$5,600. In 1935 he worked at the Work Projects Administration as executive assistant, salary, \$5,000, and formerly he was employed by the American Public Welfare Association as field representative at \$3,300. From April 1933 to March 1934 he was Herkimer County (New York) relief director, salary \$2,200. From June 1932 to March 1933 he was with the Westchester County (New York) Department of Public Welfare as field agent, \$1,800. Mr. Asay was graduated from the Colorado College in 1929 with an A.B. degree. He received his M.S. in public administration from the Syracuse University in 1931 and completed 1 year additional graduate work in 1932.

Asher, Robert E., Deputy Chief, Planning and Control Staff, \$6,500. Because of his familiarity with supply problems arising out of wartime activities, his known ability to get things accomplished, his knowledge of foreign languages, and his broad general background, the Lend-Lease Administration in the spring of 1943 arranged for Mr. Asher's transfer from the War Production Board for service with the lend-lease mission in north Africa. The transfer involved no increase in salary. Mr. Asher's first-hand experience with liberated areas problems in North Africa, added to his other qualifications, made him seem an excellent choice for the No. 2 position on the planning and control staff of the Liberated Areas Branch. Mr. Asher has traveled widely in Europe, Africa, North and Central America; reads and speaks French and German; and has had 10 years of progressively more responsible jobs in the Federal Government.

Atwood, Franklin B., Chief, Trade Intelligence Section, \$6,500. Mr. Atwood was in the Foreign Service of the State Department from 1924 to 1940, at which time he occupied posts in several countries including Ireland, Chile, the Dominican Republic, and Germany. By virtue of this experience he was especially qualified to handle work in the field of foreign trade and import and export control involved in his present position. His education and training were in the fields of economics, international and maritime law, and foreign languages. His earnings gradually increased as he undertook greater responsibilities, and he came to the Board of Economic Warfare in 1940 at \$5,600 and was promoted to \$6,500 about 2 years later.

Beecroft, Eric A., special assistant to the special representative in India, \$6,500. Mr. Beecroft also serves as economic adviser on supply. When Beecroft came with the Board of Economic Warfare in 1942, he was employed by the National Planning Association in Washington at a salary of \$4,500. He also had a fine academic background, B. A., University of Toronto; Yale University, Ph. D. He served in the Board of Economic Warfare as principal administrative officer in charge of Eastern Hemisphere exports. This gave him an intimate knowledge of the requirement problems of India and he was sent to India in August 1943 with his present civil service rating and salary of \$6,500, to work on Indian requirements and to act as special assistant to the special representative of the Board of Economic Warfare. He is now Acting Chief of the Requirements Section of the Foreign Economics Administration mission, and also assumes particular responsibility for the problems of Afghanistan which he has studied since coming with the Government.

Blachly, Louis B., mission officer, North Africa, \$6,500. Mr. Blachly is now in North Africa where he is an active and valuable member of the Food Division in the North African Joint Economic Mission. Mr. Blachly conducted his own business as broker, commission merchant and exporter of food products in New York City from 1927 to 1941, during which period his income averaged between \$10,000 and \$18,000 per year. In 1941 he entered the employment of the War Department as a marketing specialist. He subsequently transferred in 1942 to the Office of Price Administration as a business analyst. In March 1943 he was

employed by the Office of Lend-Lease Administration. He is a graduate of the University of Wisconsin, and subsequently studied at Columbia University, specializing in economics and statistics.

Blau, Clarence I., attorney, \$6,500. Mr. Blau is in charge of the legal work involved in connection with the food programs of Foreign Economic Administration. He has had an outstanding record as an attorney in the Government for about 10 years, with particular specialization during the past 7 years in the field of agriculture. He was, successively, assistant counsel with the National Recovery Administration at \$4,000; Section Chief, Legal Division of the Resettlement Administration, 1935-36, \$5,600; and Division Chief, Solicitor's office, Department of Agriculture 1937-43, at \$6,500, just prior to his transfer to the Foreign Economic Administration at the same salary. He received his B. A. from Columbia University in 1926, his LL.B. Harvard Law School, 1931. His Government positions have given him wide experience in legal work involved in both the production and distribution phases of agriculture, and also in the problems of relief and rehabilitation of agricultural areas, which, of course, have a distinct and valuable bearing on his present assignment.

Blenk, Walter, Chief, Program Analysis Section, Liberated Areas Branch, \$6,500. Mr. Blenk is qualified to discharge his responsibilities in connection with the work of the Foreign Economic Administration in areas liberated from enemy control by reason of his field experience in such work in charge of distribution activities of the North African Economic Board at Algiers, his work in supply matters with the War Production Board in 1942 and 1943, his business experience in New York with the American General Corporation and Equity Corporation, his experience as an investment adviser and his education at the Harvard Business School and the University of Geneva in Switzerland. He has also written extensively on economic subjects. Immediately prior to joining the Government in 1942, Mr. Blenk was earning in excess of \$6,500.

Bolton-Smith, Carlile, analyst, Foreign Service staff, \$6,500. Mr. Bolton-Smith has for the past 6 months acted in a staff capacity as an adviser to the Executive Director of the Bureau of Areas. Prior to that time he participated actively in supervising economic warfare and export questions relating to the United Kingdom, British Empire and the Eastern Hemisphere. In addition to his practical experience with the Board of Economic Warfare he has had 7 years' experience with the Securities & Exchange Commission. Prior to entering Government service he had several years' experience in private law practice with Caruthers Ewing and the firm of Cravath, de Gersdorff, Swaine & Wood. His legal training and experience, and his intimate personal knowledge of the activities of the Board of Economic Warfare particularly qualify him to discharge his present responsibilities.

Bourne, James R., Chief of the Caribbean Stabilization Section, Office of Food Programs, \$6,500. 1920-29: Operated own dairy and fruit farm of 150 acres in Rhinebeck, Dutchess County, N. Y. 1929-33: Assistant manager of 1,000-acre plantation of the Hills Bros. Co., of Puerto Rico. 1933-36: Administrator of the Puerto Rican Emergency Relief Administration. The Administration operated a very comprehensive agricultural production program. During this period, he was directly responsible for the administration of the entire program which employed approximately 150,000 people per month. 1936-37: He was assistant field representative (assistant director) of the Works Progress Administration, region I, comprising New England States, New York State, and New York City. 1937-41: He was partner in a retail lumber and feed business in Rhinebeck, N. Y. 1941-43: He was a civil engineer in the Bureau of Yards and Docks, United States Navy Department. 1943 to present: He was first appointed Chief of Agricultural Section of the Caribbean Stabilization Division in the Board of Economic Warfare. This Division was set up to carry out a general stabilization program in the Caribbean with the purpose of assuring production of foods in those areas, sufficient to supply the population. He was later made Chief of the Miscellaneous Foodstuffs Section of the Foodstuffs Division of the Office of Economic Warfare. In the realignment of the Foodstuffs Division of the Foreign Economics Administration, he became Chief of the Caribbean Stabilization Section, which had taken over the purchase and procurement operations formerly carried on by Commodity Credit Corporation in that area.

Butts, Thomas F., Head Mission Officer, Algiers, \$6,500. Mr. Butts is in charge of determination of industrial equipment requirements for Algeria, Morocco, and Tunisia. This work is important in the program to rehabilitate railroads, mines, and industries so that the great north African base for American and Allied troops will serve with maximum efficiency. Mr. Butts has been

European representative for Bethlehem Steel Co.; installed and managed the Rotterdam, Holland, office of the Chicago Pneumatic Tool Co.; installed and managed the Paris, France, office of the same company. Mr. Butts also served as Trade Commissioner in the American Embassies at Paris, Berlin, and Brussels. His private earnings approximated his present salary.

Cogan, Frank J., Deputy Chief, Food Allocations Division, \$6,500. In 1930, Mr. Cogan, then assistant editor of the New York Journal of Commerce, was appointed by Mr. Willis, grocery editor of that newspaper. As grocery editor from early 1930 to early 1934, Mr. Cogan supervised the operations of six other commodity reporters, several local and national marketing news services, 160 correspondents in the United States and several correspondents abroad—London, Tokyo, Berlin, and other world marketing centers. Early in 1934, the Food Code Authority, a private organization of leading wholesale grocers, chain store executives, and big independent retail grocers, borrowed Mr. Cogan from the Journal of Commerce for the purpose of setting up and operating the National Recovery Administration wholesale and retail grocery code in New York. At the same time, Mr. Cogan was in complete charge of operations in New York City consulting frequently with distributing trade members, as well as many food processors whose interests were affected. In November 1936, Mr. Cogan was appointed editor of Food Field Reporter. For 7 years he was advisor to the Grocery Manufacturers of America (100 companies, doing more than \$5,000,000,000 in branded food business per year) and the National Association of Retail Grocers on public-relations problems.

Cohen, Wallace M., Assistant Director, Liberated Areas Branch, \$6,500. Mr. Cohen's work involves all phases of Foreign Economic Administration's activities in territories liberated from enemy control. He has had wide experience as a practicing lawyer in private business, in mining and real estate operations, and with the Government. Mr. Cohen joined the Government in 1938 as a legal adviser to the National Labor Relations Board, and since that time has served with the Labor Department, the Advisory Commission of the Council of National Defense, the Office of Price Administration, and the Office of Lend-Lease Administration, which latter Office was incorporated into the Foreign Economic Administration. His particular qualifications are an extensive knowledge of Government agencies and their procedures, wartime programs and activities, and training in lend-lease operations.

Corry, Andrew V., economic intelligence officer, \$6,500. Before going abroad, from May 1943 to February 1944, he served as Chief of the Nonferrous Metals Unit in the Economic Objectives Division where he supervised and conducted research assignments pertaining to mines and mining of nonferrous metals. From 1930 through 1941, Mr. Corry served as a consulting geologist both here and abroad. He was an instructor in the Montana School of Mines and was for 18 months with the Bureau of Mines, Washington, D. C. In 1940, Mr. Corry became associated with the Office of the Coordinator of Inter-American Affairs as Director of Research and Planning, \$6,500 per annum, where methods and policies for the economic development and financing of the American republics were devised. After an assignment in South America, he was employed by the State Department. During the 9 months that Mr. Corry was assigned to our Washington office, his work on the preparation of reports on nonferrous metals and the related industries gave him an exceptional background for foreign field assignments of the nature of his present one.

Crawford, David Livingston, head administrative officer, Mexico, \$6,500. Mr. Crawford works under the general administrative direction of the special representative in Mexico, and is responsible for the execution of all development programs. Mr. Crawford's background and experience qualify him for the functions which he is performing with the Foreign Economic Administration mission. He holds a B. A. from Pomona College, an M. A. from Stanford University, and has done graduate work at Cornell University in agriculture, plant pathology, and related subjects. His business experience comprises 1 year in Tampico, Mexico, managing the Gulf Coast Citrus Association, and 24 years as professor and president of the University of Hawaii, during which time he acted as an officer and foreman of the Hawaiian Pineapple Co. Before joining the staff of the Foreign Economic Administration, Mr. Crawford served as special advisor and Chief of the Industry Program Branch of Civilian Supply in the War Production Board. Mr. Crawford's salaries, since 1913 until coming to the Foreign Economic Administration, were successively advanced from a minimum of \$2,400 to \$9,000 annually.

Cunningham, Dr. Charles H., export representative, Mexico, \$6,500. Dr. Cunningham is charged with the responsibility of investigating and analyzing all problems relating to exports and export controls. He assists persons in Mexico with export problems and helps to facilitate the delivery of commodities from the United States. He makes studies of the requirements for commodities imported from the United States and the correlation of the United States Export Control Program with Mexican economy. He also reports on commodities received in Mexico and performs other duties in connection with import problems in Mexico as related to the export program of the Foreign Economic Administration and the general export policies of the United States. Late last summer Dr. Cunningham was entrusted with the commission of serving on the policy subcommittee of the embassy for decisions affecting new industries in Mexico. Dr. Cunningham's educational background and experience have made him thoroughly qualified to fill his present post. He holds the degree of Ph. D. from the University of California, also had a travel fellowship from the university for studies in Spain and South America. He speaks, reads, and understands Spanish, French, and Portuguese, and for 12 years he was commercial attaché for the Bureau of Foreign and Domestic Commerce in Mexico, Spain, and Peru.

Davidson, Alfred E., assistant general counsel, \$6,750. Mr. Davidson is an expert on legislative matters. He works under the direction of the general counsel and is responsible for the legislative work of the Foreign Economic Administration. Previously, he had been assistant general counsel for legislative matters with the Lend-Lease Administration, and he had served in a similar capacity with the Office for Emergency Management. Prior to the war, Mr. Davidson was in the Solicitor's office of the Department of Labor specializing in drafting and other legislative work. Before entering the United States Government, in the fall of 1938, Mr. Davidson was working as a legislative draftsman for the Republican Nassau County delegation to the New York State constitutional convention. Earlier he was in the legislative division of the office of the corporation counsel for the city of New York following his work as chief assistant to the counsel for the New York State Board of Statutory Consolidation. Mr. Davidson is a graduate of Harvard College and Columbia Law School.

Derby, Robert M., mission officer, Australia, \$6,500. Mr. Derby was sent to Australia as a machine-tool specialist and served there until machine tools no longer were sent to that country on lend-lease credit. He has had extensive foreign machine tool and industrial engineering experience and from 1903 to 1938 was with Niles-Bemont-Pond Co. and Pratt & Whitney Co. From 1927 on he was vice president of the latter company in charge of foreign business which involved industrial and technical problems. Mr. Derby retired in 1938 but in 1940 was employed as expert consultant to the Secretary of War on machine tools. In 1941 he was advisor to the Indian Purchasing Mission in the United States, and in 1942 worked for the War Production Board.

DeWilde, John C., economic intelligence officer, \$6,500. Mr. DeWilde is a graduate of Harvard with special training in economics and has also taken graduate work in economics at Columbia University and at the University of Kiel, Germany. In the period 1931-38, he studied and traveled extensively in Europe. For 8 months in 1938, he was in Germany doing special research on the Nazi economic system. From 1934 to 1943, Mr. DeWilde was employed as an economist by the Foreign Policy Association in New York; he has written a number of economic reports for publication. He has been in the employ of the Foreign Economic Administration and its predecessors since February 1942 and has participated actively in developing economic techniques for the use of the military. His experience of a year and a half in London has made him invaluable in this sort of work.

Dietrich, Ethel B., economic analyst, office of economic programs, \$6,500. She has had extensive experience in United States foreign trade with Latin America, Europe, and the Far East. In this connection she spent much time in Europe with the American Management Association, in 1924, 1930, and 1933, as well as having visited the key industries in Latin America. She made studies and prepared reports for the International Labor Office in Geneva on world cotton and world woolen textile industries. From 1930 to 1941 she was a professor at Mount Holyoke College on international trade. From 1941 to 1944 she served as economic analyst and Chief of the Raw Materials Division of the Office of Economic Warfare. In this connection she made analyses of requirements of foreign countries for steel, nonferrous metals, chemicals, textiles, and other critical war materials. She has made intensive studies and published analyses on United

States trade with the Far East and with Latin America, and has a broad background of knowledge of the problems concerning the economic position of Latin America in relation to the United States.

Director, Aaron, economic analyst, Office of Economic Programs, \$6,500. He has had extensive experience in domestic and foreign patent and trade-mark work and in price control and taxation matters, and he has been an economist for the Brookings Institution in connection with preparation of the Brookings report on price control in wartime. From 1941 to 1942 he worked as economic adviser for the War Department on procurement and price policy problems. From 1942 to 1944 he was principal economist on the staff of the Alien Property Custodian, and his work was principally concerned with the question of the effect on international trade of enemy-controlled patents and trade-marks. He is engaged in work of a similar nature with the Foreign Economic Administration.

Dodge, Marshall J., Jr., mission officer, London Mission for Economic Affairs, \$6,500. Mr. Dodge is primarily in charge of administrative procedures and operations in the London Mission, as well as serving as an assistant to the head of the mission. Since leaving Yale College in 1933, he has held several increasingly responsible administrative and executive positions in, among others, the American Telephone & Telegraph Co., and the brokerage firm of J. W. Davis & Co., New York City. In 1941 he served as senior administrative officer in the Office of Production Management, Materials Division, at a salary of \$4,600 and after about a year had been promoted to \$6,500 when he was designated as an assistant to the Director General for Operations of War Production Board. He came to the Lend-Lease Administration at the same salary in April 1943, and after a short period of training was assigned to his present position in London.

Drexler, Elias J., Assistant Chief, Special Projects Division, Foreign Procurement and Development Branch, \$6,500. Mr. Drexler has been responsible for planning and carrying out under the direction of and in cooperation with Benjamin H. Reese, Chief of the Division, programs for the procurement of strategic materials produced in neutral countries and needed by the enemy. He initiated the preclusive operations program with Mr. Reese, and the experience he has acquired in this highly important economic-warfare work, for which there is no precedent, makes him irreplaceable. Mr. Drexler was advanced in salary because of the success with which he carried on his difficult and vital job. Much of the work of the Special Projects Division requires careful investigation, research, and analysis of the economic operations and objectives of the enemy in neutral countries. Mr. Drexler's training fitted him well for his present position. A graduate of Columbia Law School and a member of the New York bar, for 4 years he was special assistant to the Secretary and an investigator in the Department of the Interior.

Easby, Dudley T., Jr., chief counsel, Pan-American Branch, \$6,500. Mr. Easby, working directly under the general counsel, is responsible for all legal work of the Pan-American Branch, which embraces the 20 Latin-American republics. Prior to joining the Foreign Economic Administration, he was for 3 years assistant general counsel of the Office of the Coordinator of Inter-American Affairs, at an annual salary of \$5,600 to \$6,500. He was originally borrowed by the Coordinator from Treasury Department to assist in the establishment of the Coordinator's office, and later transferred to that office. In addition to his regular duties in Washington, by reason of the fact that he knows both Spanish and Portuguese, he was chosen to handle special field assignments in Mexico, Guatemala, Brazil, and Uruguay. Prior to entering Government service in 1939, he had 7 years' experience in private practice with the firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia. He was graduated from the University of Pennsylvania Law School with honors in 1931. His legal experience in private practice, the Treasury Department, and in Latin America, as well as his linguistic ability, qualify him for the duties which he is now discharging.

Edwards, L. Brooke, mission officer, India, \$6,500. Edwards is a graduate of Episcopal Academy, Philadelphia. He served in the French and American Armies in the World War and since 1920 has represented the Baldwin Locomotive Works in India. His work there brought him in close contact with the industrial problems of India and in particular with the needs of the Indian railways. He was in India at the time of his appointment to the lend-lease mission, early in 1943, and he was chosen on the recommendation of men who knew of his work in India, including representatives of the Baldwin Locomotive Works and members of the Lend-Lease Administration who knew him in India. He was the principal representative of Baldwin in India at the time of his appointment to the lend-lease mission. In addition to his technical knowledge, Edwards has a wide range of

acquaintances in business and official circles in India and he has been invaluable in explaining the background of Indian problems and indicating the appropriate procedures in the light of local conditions. Also, he has borne a large part of the responsibility of the discussions with Indian officials.

Fagen, Melvin M., head economic analyst, Swedish mission, Stockholm, Sweden, \$6,500. He attended the University of Wisconsin, where he received B. A. and M. A. degrees, specializing in political science and economics with major work in international relations. He attended the University of Paris and the Institute of International Studies. He received his LL. B. degree at the New York University. Mr. Fagen was appointed to the Office of the Administrator of Export Control, Department of War, on February 4, 1941. His experience previous to February 1941 included the following: High Commission for German Refugees, League of Nations, research assistant to James G. McDonald in London and Geneva, 1935-37; chairman, Conference on Immigration Policy and board member, National Council on Naturalization and Citizenship, 1937; assistant to Morris R. Cohen, 1938-39, as administrator of minority groups; relief administrator in Europe, January to July of 1940, in charge of French and Eastern European affairs for the Joint Distribution Committee. Mr. Fagen was appointed Assistant Chief of the Blockade Division in 1943. The experience gained as a result of his 3 years in the Foreign Economic Administration and his 9 months' experience in Sweden and London, at which time he took a leading role in war-trade negotiations with Sweden, particularly qualify him for his present position.

Fiedler, Reginald H., Chief, Marine Industries Section, Office of Food Programs, \$6,500. During his 27 years of fishery work from 1917 to 1944 he directed his efforts to economic and technical problems on all phases of the fishery industries from production, through processing and marketing. He has visited and studied every important fish production center in the United States, in Alaska, Puerto Rico, the Virgin Islands, and Hawaii, and has visited and studied fishery industries in South America, the Caribbean area, Australia, New Zealand, South Pacific Islands (including Fiji and New Caledonia), British Islands, Iceland, and Canada. He has written and had published scores of articles on the fishery industries which appear in the official papers of the United States Government and in many trade and scientific publications. Since being with the Foreign Economic Administration he served as head of the United States fishery mission to Iceland. He has also developed a program which is increasing the production of fish foods in the United Nations for use in the United States and abroad. He worked from 1924 to 1943 with the Bureau of Fisheries (later the Fish and Wildlife Service, United States Department of the Interior).

Foote, Wilder, Assistant to the Administrator, in charge of information, \$6,500. Education: Graduated from Harvard College in 1927, bachelor of arts, Magna Cum Laude, in modern European history; studied abroad from July 1927 to July 1928 at Paris, Berlin, and Vienna. Received honorary master of arts degree from Middlebury College June 1942. Professional experience: Associated Press staff writer in Boston regional office, 1928-31; night editor, 1930-31. Self-employed as owner-publisher and editor of country newspapers in Vermont, 1932-41—the Brandon Union, 1932-34; and the Middlebury Register, Brandon Union, and Bristol Herald 1934 to November 1941. Served as information officer for the Office of Emergency Management in Washington, D. C., assigned to lend-lease information from November 25, 1941, until the Office for Emergency Management, Division of Information was merged in the Office of War Information in June 1942. Continued with Office of War Information; in October 1942 appointed as Chief of the Lend-Lease, United Nations Section of the News Bureau of the Domestic Branch of the Office of War Information and served in that capacity throughout 1943, handling the preparation and release of all information on lend-lease and related operations to public media and participating in the preparation of reports to Congress and the public; also handled information on the combined boards and informational liaison for Office of War Information with the Board of Economic Warfare and its successor, the Office of Economic Warfare. Salary range with Office for Emergency Management-Office of War Information, \$3,800-\$5,600. Appointed Assistant to the Foreign Economic Administrator January 1, 1944.

Fraser, Horace J., Chief, Major Ferro-Alloy Metals Section, Foreign Procurement and Development Branch, \$6,500. Mr. Fraser entered on duty as a principal minerals specialist, P-6 at \$5,600 per annum, and about a year later was elevated to the position as Chief of the Major Ferro-Alloys Section and given a corresponding increase in grade and salary from P-6 at \$5,600 to grade P-7 at \$6,500 per

annum. Mr. Fraser's increase in salary and responsibilities were well warranted by reason of his approximately 13 years of experience in geological research and as an operating geologist, and because of his experience within Foreign Economic Administration in the over-all supervision and direction of the highly complex and important programs.

Fuller, R. Buckminster, consulting engineer, engineering staff, and Bureau of Areas, \$6,500. Mr. Fuller's work is concerned primarily with housing problems and providing emergency shelter in areas shortly to be liberated from Axis domination. His experience for well over 20 years has been in this field. Prior to 1927 he supervised 150 building operations. In that year he made certain inventions and developments in model housing. He has worked with the Pierce Foundation of the American Radiator Co., the Dymaxion Corporation, and the Phelps Dodge Corporation. From 1938 to 1940 he was a technical consultant on the editorial staff of Fortune magazine. In 1940 he assisted the Chrysler Corporation in preparing a handbook on research engineering and production facilities and methods. Immediately prior to entering Government service he was vice president and chief engineer of the Dymaxion Corporation which was engaged in the mass production of round, steel houses being used by the Army Signal Corps for radar stations and by the Air Forces at advanced bases. His unique experience in this field, as well as his demonstrated ability in industrial conversion to mass production, qualify him to meet the problems which arise in his present position.

Gold, Bela, economic analyst, Office of Economic Programs, \$6,500. His experience and background center around industrial and agricultural production of large-scale commercial distribution. He was for a number of years a consultant for the Life Insurance Sales Research Bureau, in Hartford, Conn., and in that connection made analyses of major distribution industries in the United States. From 1939 to 1943 he was an Assistant Chief in the Department of Agriculture with responsibility for the directing of the field studies of farm production, with special reference to wartime shortages and adjustments. During 1943-44 he worked as a consultant with the Senate Military Affairs Committee at \$6,500 per annum, on matters concerning United States and international food problems. He has also had specialized experience in field analysis of machine-tool industry and in Government program administration.

Gould, J. S., Director of Supply and Resources Service, Office of Economic Programs, \$6,500. His background is one of broad specialized experience in the servicing of economic and foreign trade planning and administrative bodies. He has spent many years in research and analysis of foreign markets for American production, international price movements, and the economic resources of Latin America and the Far East. He was chief of the research and statistics service of the Delaware State Unemployment Compensation Commission. He also served as head of the department of economics and business administration at the University of Delaware and then as director of the bureau of business research in that university. He also acted at one time as technical adviser with the National Recovery Administration.

Hall, Robert, mission officer, Australia, \$6,500. Mr. Hall is a graduate of Yale College and Yale Law School. His legal experience has been broad in its scope concerning work in connection with corporations, reorganizations, municipal authorities, Federal and State taxation and priorities. He also carried on a number of activities including writing articles for the Saturday Evening Post, broadcasting, administrative and organizing ability which while generally unrelated to the practice of law were activities which required qualities of leadership and capacity to make sound judgments of people. His annual earnings ranged from \$5,000 to \$6,000. Mr. Hall was employed by the Lend-Lease Administration on July 1, 1942, and he was assigned to the field staff after having served for a few months on the general counsel's staff. He has been of great assistance to the chief of the mission in handling legal and other matters for which his training and experience qualified him.

Havlick, H. F., economic analyst, Office of Economic Programs, \$6,500. Mr. Havlick's experience has been obtained principally in the fields of management and operation of public utilities. In this connection he has a broad background in wartime allocation of fuel and power resources and in organization and accounting operations. From 1922 to 1928 he gathered valuable experience as accountant, assistant treasurer, and management assistant in chemical, furniture, and public-utility concerns. During the period from 1926 to 1942 he engaged in research projects and in teaching in the field of public utilities. From 1942 to 1944 he acted as Chief of the Review Branch of the War Production Board at \$6,500 per annum.

Hibben, Thomas E., head construction engineer, Algiers, \$6,500. Mr. Hibben, in his present position, has rendered exceedingly important and valuable service to the Army through the rehabilitation of North African industrial plants and also through means he has devised for converting them to important war services. Mr. Hibben for many years practiced as an architect, earning up to \$10,000 a year and he has earned up to \$8,000 in Government service, his jobs including positions as chief engineer, Civil Works Administration; chief engineer, Federal Emergency Relief Administration; consulting engineer, Federal Surplus Relief Corporation. Mr. Hibben studied architecture and engineering at Princeton University, University of Pennsylvania, and the University of Paris.

Horch, L. L., assistant regional director New York office, \$6,500. From 1913 to 1928 he was senior partner in Horch, Rosenthal & Co., a leading firm in the field of international exchange, and was active in the financing of exports and imports. From 1929 to 1935 he was retired, but he returned to the same business in 1935 to 1938 with the firm of L. L. Horch & Co. From 1938 to 1942 he was employed as a foreign-exchange expert with the Department of Agriculture, and in 1942 became assistant chief, Office of Exports, Board of Economic Warfare, from which position he later transferred to the New York office. His average annual earnings over a period of 20 years were far in excess of his present salary.

Horwin, Leonard, head requirements officer in Madrid, Spain, \$6,500. Mr. Horwin is charged with presenting the import requirements of Spain to the American supply authorities and with taking an active role in general blockade work designed to prevent shipments of American goods from falling into Axis hands. The work calls for complete familiarity with the procedures and objectives of both the Foreign Economic Administration and the supply authorities. Mr. Horwin is uniquely qualified by training and experience to discharge these duties. Prior to going to Spain he served as a member of the requirements committee of the War Production Board, which committee reviews all requests for materials and supplies and has the final responsibility for their allocation. In addition to this experience in Washington, Mr. Horwin has a fluent command of Spanish, having frequently represented Spanish-speaking clients in his private law practice in Los Angeles, and having been designated by the Bar Association of Los Angeles as an expert in Spanish.

Hougen, Volorus H., assistant special representative, Colombia, \$6,500. Mr. Hougen was selected for this position because of his experience in the agricultural field. The agricultural development program in Colombia is of extreme importance, and Mr. Hougen is a trained agricultural man. He has a college education, speaks Spanish fluently, and served for over a year as agricultural adviser, office of imports, Board of Economic Warfare, \$4,600-\$5,600. His previous experience was with the Soil Conservation Service, and Forest Service, United States Department of Agriculture.

Houser, John Wilson, head mission officer, Africa, \$6,500. Mr. Houser received the degrees of Bachelor of Arts and bachelor of laws from the University of Southern California in 1934. From 1935 to 1938 he was a partner in the firm of Houser, Houser & Houser at Long Beach, Calif. In February 1938 he entered the Securities and Exchange Commission, Washington, as an assistant attorney at \$2,600. Before leaving that organization, his abilities had proven so outstanding that he became the Director of the Public Utilities Division at \$9,000. He gained considerable administrative and supervisory experience in that position which qualified him for his present assignment. In March 1943 he joined the Foreign Economic Administration (Board of Economic Warfare) as head mission officer at Accra, Gold Coast (Africa), at \$6,500. Though the services he performed in the Securities and Exchange Commission were of great distinction, he preferred to enter an activity more related to the war effort and resigned on his own initiative, receiving the lower salary of \$6,500. He has continued his record of distinctive service while with the Foreign Economic Administration.

Johnstone, Paul H., intelligence analyst at New Delhi, India, \$6,500. Mr. Johnstone's work in India is of a confidential nature involving close cooperation with our armed forces there. For 2 years prior to his assignment to India he was engaged in Washington in intelligence and research work on the Far East, and the knowledge and experience gained from this is of particular value in discharging his present duties. His additional experience, involving research work in economic history, also gives him special competence in this field. Prior to joining the staff of the Foreign Economic Administration he was engaged in conducting a large number of research projects for the Department of Agriculture.

Kerschbaum, Paul R., head analyst, \$6,500. Mr. Kerschbaum is now serving as Chief of the Special Services Section and Acting Chief of the Economic Functions Section of the Far East Enemy Division, both of which assignments require a background of research and direction of research. Mr. Kerschbaum was graduated from the University of Chicago in 1930 after majoring in economics. He later took post-graduate work at Chicago in political science and economics. His entire working career has been in the field of economic research and the direction of economic research and his advancement in Government service has been a gradual one. He started in 1930 at \$2,000 a year in the Illinois Department of Labor and 5 years later had been promoted to \$4,000 a year. In 1935 he joined the Works Progress Administration as Illinois' State statistician at \$4,600 and remained at that same classification when he transferred in 1941 to the Office of Price Administration as Chief of the Research Section. In December 1941 he transferred to the War Production Board as Chief of the Survey Section at \$5,600 a year and in this position he was in constant contact with industry, an additional experience which added to his value for the work in Foreign Economic Administration.

Lloyd, David D., attorney, \$6,500. Mr. Lloyd has an outstanding record of experience and accomplishment as an attorney in the Government for more than 8 years, including 4 years as assistant chief counsel to a subcommittee of the Senate Committee on Education and Labor. He is a graduate of Harvard College, Bachelor of Arts, 1931, summa cum laude; held the Henry Fellowship at the University of Cambridge, England, 1931-32; and received his bachelor of law from Harvard law school in 1935. In 1940-41, he was chief of a section in the Legal Division of the Federal Communications Commission, at \$5,600; 1942-43, Legal Division of the Office of Price Administration at \$6,500; later in 1943 he became assistant chairman, Italian committee, Office of Foreign Economic Coordination, State Department at \$6,500, and then was a member of a mission to Italy to study relief and rehabilitation problems. He has considerable knowledge of European countries, particularly Italy, having traveled there extensively between 1930 and 1933, and having studied the particular problems of liberated areas in the course of his latter two assignments. He is now in the general counsel's office in Foreign Economic Administration assigned to liberated areas work.

MacDuffie, Marshall, Jr., attorney, Cairo, Egypt, \$6,500. Mr. MacDuffie is well qualified to discharge his present duties, by reason of both Government experience with the Board of Economic Warfare and 5 years' experience in private practice with the firm of Sullivan & Cronwell in New York City. While with that firm he served for several years as legal adviser to the International Nickel Co., being actively engaged in problems relating to international arrangements for preventing leakages of war materials into enemy hands, and confidential negotiations with Canadian and British governmental authorities. When he joined the staff of the Board of Economic Warfare in 1941 he was assigned to the general counsel's office and the caliber of his work there resulted in his assignment to Cairo, Egypt, a year later at an annual salary of \$5,600. His salary in private practice immediately prior to joining the Board of Economic Warfare was \$6,200 per annum. Based upon the excellence of the performance of his work in Cairo he was promoted to his present grade in April of 1943.

McIntyre, Francis E., economic analyst, \$6,500; May 1942, analyst, Lend-Lease Administration, \$5,600; assistant professor, Indiana University. Mr. McIntyre is widely trained as a professional statistician. His doctorate came from the University of Chicago and was in the field of statistics. Besides his university research and instruction, he has directed the statistical research of a well-known private statistical organization, the Cowles Commission for Research in Economics. Mr. McIntyre began his Government work 2 years ago and has received increased responsibility and pay only in accord with his demonstrated ability successfully to discharge that responsibility. His principal activity at present consists in representing Foreign Economic Administration before the War Production Board on requirements matters. This task requires critical evaluation of the statistical presentations of all claimants against United States war production as these claimants make their requests for critical materials before the allocating committees. In point of service he is one of the oldest members of these committees.

Mag, Edward A., head attorney at Cairo, Egypt, \$6,500. Mr. Mag is responsible for legal work affecting lend-lease operations in the Middle East, having been head mission officer of the Office of Lend-Lease Administration in Cairo, immediately prior to the consolidation of the Office of Lend-Lease Administration

into the Foreign Economic Administration. His experience in private practice and with the Office of Lend-Lease Administration directly qualify him to discharge his present responsibilities. Prior to his assignment to Egypt he was employed in the office of the general counsel of the Lend-Lease Administration, where his work was of such high quality that it resulted in his assignment to this important foreign post. Prior to that time he had 18 years' experience in private practice in New York and New Britain, earning up to \$6,000 per year, as well as 2 years' experience as special legal adviser with the National Recovery Administration.

Manghum, Mason, Chief, Trade Relations Staff, and head of New York Office of Foreign Economics Administration, \$6,500. His background is primarily that of commerce adviser and counsel. He started his career as an examiner for the Interstate Commerce Commission. For approximately 15 years prior to his returning to Government service in 1941, his salary was never less than \$10,000 per annum. He has been an adviser to private business, to business organizations, to city governments, and to State governments. He also engaged in other private business activities. In July 1941 he offered his services to the Government in the Office of Production Management and served as head of the Business Contact and Educational Branch, of Office of Price Administration and War Production Board 18 months. His salary at War Production Board was \$6,500. He transferred to Lend-Lease in January 1943, at \$6,500, as the head liaison officer for Lend-Lease to War Production Board and other Government agencies.

Marker, Murray H., head attorney, Brazil, \$6,500. His background is one of broad experience in commercial and Government law. He was graduated from Columbia University Law School in 1929 and became an associate in the firm of Barron, Rice & Rockmore in New York City in 1940. For 10 years he was engaged in the private practice of law, specializing in corporation and commercial practice, and he earned during that period up to \$6,000 per annum. He is admitted to practice before the courts of the State of New York, the Federal courts in the eastern and southern districts of New York, and the customs courts of the United States. From 1940 to 1942 he served in the general counsel's office of the Federal Security Agency in connection with the coordination of the operations of that Agency with the Bureau of Internal Revenue. From 1942 to 1943 he served as legal adviser to the Metals and Minerals Division, Office of Imports, Board of Economic Warfare, with particular reference to legal problems relating to procurement and development problems in Brazil. Since November 1943 he has been general counsel for the Foreign Economic Administration's organization in Brazil.

Medley, Maxwell K., Office of Finance, \$6,500. From 1935 to 1941 Mr. Medley was employed by the Department of Agriculture and obtained invaluable experience in the field of accounting. Four years of this time was spent in the Finance Division of the Farm Security Administration, in which he was actively engaged on all aspects of budgeting, accounting, auditing, and reporting of appropriated funds. The remaining 3 years of this period Mr. Medley was employed in the Management Division of the Farm Security Administration in the capacity of a financial and business analyst. From 1941 to 1943 Mr. Medley served as Chief of the Fiscal Division in the Board of Economic Warfare and in such capacity directed all budget, accounting, auditing, and reporting activities of that organization. Since December 1943 he has served as the assistant to the Assistant Administrator in charge of the Office of Finance. Mr. Medley's general experience in the field of accounting methods and planning and the fact that he has an intimate knowledge of the programs and accounting systems of agencies predecessor to the Foreign Economic Administration qualified him for his current assignment.

Meeker, Kenneth Hayes, Chief of the Liberia and Afghanistan Section, \$6,500. Mr. Meeker is in charge of area programs affecting Liberia and Afghanistan and has general responsibility for measures concerning procurement of strategic commodities from these countries. Prior to this assignment he was Chief of the United Kingdom Branch, Foreign Liaison Division, Lend-Lease Administration, and special assistant to the Senior Assistant Administrator in charge of the Foreign Liaison Division, earning \$6,500. His experience in these assignments particularly fitted him for his present position. He had previously been in the publishing business with Harcourt Brace & Co. and as vice president and secretary of the John Day Co., earning \$6,000 a year. From 1934 to 1936 he was acting Director of the Division of Professional and Clerical Projects, Works Progress Administration, and from 1936 to 1942 Mr. Meeker was general manager of Robert McBride & Co., publishers, New York City.

Meiklejohn, Norman J., head analyst, \$6,500. Mr. Meiklejohn, by education and experience, is unusually well qualified for the position he now holds as Chief of the Military Products Section of the Far East Enemy Division, which has as its major function the appraisal of Japan's capabilities for producing all items for military use. He combines first-hand knowledge of machine-manufacturing experience with long years of experience in the field of economics and the direction of economic research. He attended Amherst College for 3 years and Brown University for 1 year, specializing at the latter in industrial relations. He later took courses in heat treating and metallurgy at Massachusetts Institute of Technology. His business and manufacturing experience covered from 1923 to 1938 and included the position of division superintendent of Potter & Johnstone Machine Co. from 1925 to 1931. In 1936 he entered governmental service, starting at \$2,400 a year with the Rhode Island State Employment Service. His career since then has been one of normal advancement. In 1939 he went to the Rhode Island State Civil Service Commission, and in 1940 he joined the Bureau of Labor Statistics as industrial analyst, at \$4,600 a year, remaining there until 1942 when he joined the War Production Board as industrial economic adviser and Chief of the Machinery and Equipment Section, at \$5,600. In this position he was responsible for the collection and analysis and interpretation and presentation of information regarding the supply of and demand for industrial machinery and equipment—experience directly related to the position which he took with Foreign Economic Administration on May 19, 1943.

Merrell, Mark, Chief, Drugs and Health Supply, Requirements, and Supply Branch, \$6,500. On leaving college, he worked for 8 years in the wholesale drug business, obtaining a thorough knowledge of the distribution of medical supplies. In the National Recovery Administration he was in charge of all codes pertaining to the drug industry, laboratories, and professions. In March of 1941 he was hired by Donald Nelson at \$5,600 in the Medical Supply Section of the then Office of Production Management, and in November of 1942 he took the position of Chief of the Drugs and Health Supplies Section of Office of Lend-Lease Administration, at \$6,500.

Miles, John, head statistician, Office of Economic Programs, \$6,500. His experience is predominantly in foreign-trade reporting and statistics. During 1935-36 he was chief statistician for the International Cellulose Products Co. From 1941 to 1943 he was Director of Statistics for the Board of Economic Warfare, in charge of shipping and foreign-trade statistical data. During 1943-44 he was chief statistician of the Lend-Lease Administration and assisted in the organization of foreign-trade statistical reporting and in the analysis of operations for administrative control. His promotions in the Government have been relatively fast but clearly on the basis of his actual accomplishments and demonstrated ability to undertake greater responsibilities.

Miller, Samuel, head administrative officer, Ecuador, \$6,500. As representative for the Foreign Economic Administration in Ecuador, Mr. Miller is responsible for the direction and coordination of Foreign Economic Administration's activities in that country, and for the coordination of the Foreign Economic Administration activities with other United States agencies in Ecuador. Mr. Miller attended Stanford University, where he majored in economics. He has been employed by the Government since 1937. His first position with the Government was with the Treasury Department, working on economic problems and conditions in Central and South America. From 1939 to 1942 he worked for the Labor Department, acting as the assistant Territorial representative for Puerto Rico and the Virgin Islands, administering the wages and hours law. He speaks Spanish fluently and is an expert on the economics and commercial aspects of South and Central America.

Newman, Milton I., requirements officer, New Delhi, India, \$6,500. He was appointed to this position only after a substantial period of training and experience as to the legal and administrative policy phases of the lend-lease program. He had previously an excellent academic background and outstanding professional experience in the New York City corporation counsel's office, and as a litigation attorney within and outside the Government. In these positions he displayed definitely good qualities of independent judgment, handling of responsibility, etc., necessary to his present position. His record of actual accomplishment for over a year bears out these characteristics and the wisdom of his appointment.

Noyes, Charles P., executive officer, London Mission for Economic Affairs, \$6,500. He has a degree of B. A., from Yale, 1933, and LL. B., Yale Law School, 1936. For 5 years he was an associate in the law firm of Winthrop, Stimson, Putnam and Roberts, New York City, advancing from \$2,100 to \$4,500. In

1941 he was employed in the general counsel's office of the Lend-Lease Administration at \$4,600 and was promoted about a year later to \$5,600. In 1943, he was made executive officer of the Harriman Mission, predecessor to the Mission for Economic Affairs. On the basis of his work in the Lend-Lease Administration, he was well trained in the problems encountered in the field. He has given complete satisfaction to Messrs. Harriman and Reed, the present head of the mission and has demonstrated unusual administrative ability as well as skill in the handling of original problems and in dealing with people, both very necessary in work abroad.

Oliver, Douglas L., assistant special representative at San Francisco assigned to the South Pacific division, \$6,500. Mr. Oliver is also attached to the staff of Admiral Chester K. Nimitz, United States Navy, and is a representative of the United States Commercial Company in the South Pacific area. His time is spent primarily in New Caledonia and the other Pacific islands, and during Mr. Ryerson's absence Mr. Oliver is in charge of all operations. Because of his background in anthropology and special studies made by him in the south Pacific, he is a recognized expert on the habits and customs of the native populations. He has been of great assistance to our military authorities in that area in the formulation of plans and particularly in dealing with the natives. As in the case of Mr. Ryerson, Mr. Oliver was also a member of the original Admiral Byrd expedition. His duties are essentially similar to those of Mr. Ryerson, in the capacity as assistant to Mr. Ryerson when the latter is present and in charge of the work when Mr. Ryerson is absent in the United States.

Parker, Glowacki R., Chief, South Pacific Division of the Foreign Procurement and Development Branch, \$7,250. The South Pacific Division was established pursuant to a directive from the United States Navy, which requested the Administration to (a) cultivate and raise certain foodstuffs locally in the islands to supply our armed forces and cut down the need for shipping space; (b) supply certain essential goods required by the natives; (c) construct housing, hospitals, dock facilities, and warehouses and (d) to support the domestic economy by work incentive and the acquisition of products produced by the natives. Mr. Parker was selected to head up this work on the basis of his executive experience of some 27 years in Government and private business. Immediately prior to this assignment Mr. Parker assisted in the planning and execution of essential procurement and development programs involving such strategic commodities as cinchona, mahogany, balsa, drugs and chemicals, etc., and his outstanding work in this connection led to his choice to head up the South Pacific Division. His qualifications for, and his successful administration of, this work is attested not only by various communications from Army and Navy officials but also by the fact that the military authorities have recently requested additional similar operations which more than double those originally contemplated. Prior to entering Government service Mr. Parker was engaged in an executive capacity in the import-export trade and the management and reorganization of various enterprises for a period of some 19 years, during which his annual earnings ranged from \$6,500 to \$25,000.

Paschal, George R., head economic intelligence officer, Chungking, China, \$6,500. Mr. Paschal's work is of an extremely confidential nature, involving close cooperation with our armed forces in China. He is especially well qualified to discharge his duties, both by reason of his knowledge of the Chinese language and his experience of over 20 years in the field of transportation. Between 1923 and 1929 he served as an interpreter and as United States vice consul in Peking, Chungking, and Tientsin, specializing in shipping and trade matters. For 5 years he was Chief of the Government Aid Section of the Maritime Commission, where he was responsible for the initiation of studies on foreign shipping and ship-building. He prepared reports on the effects of war upon shipping and ship-building in this country and abroad. From the time he joined the Board of Economic Warfare in 1942 he has been continuously engaged in the analysis of data covering all phases of water transportation in the Far East.

Perkins, James A., assistant to the Deputy Administrator, \$6,500. Mr. Perkins handles special assignments under the immediate direction of the Deputy Administrator in the fields of economic analysis and related fields. He majored in economics at Swarthmore College, where he received his B. A., and later at Princeton University, where he received his M. A. and Ph.D. in Economics and Government. He has had both academic and practical experience in economics and government. He was at one time assistant professor of government at Princeton University and assistant director of the School of Public and International Affairs. Since the war, he has served as an economist and a price executive with the Office of Price Administration, advancing from \$5,000 to \$6,500 within a period of about 2 years. He transferred at the latter salary to the Foreign Economic Administration.

Peter, Mare, Jr., head intelligence officer at London, England, \$6,500. Mr. Peter's work is of a confidential nature, and requires industrial, economic and architectural training. His training and experience as an architect in private practice for over 7 years, plus his experience in the Washington office before being sent to London eminently qualify him for the work which he is now doing. In private practice, he earned up to \$6,000 per year and before Foreign Economic Administration he was employed by Office of Civilian Defense at \$6,500.

Pettee, George S., Chief of the European-Axis Section, Economic Potential Division, \$6,500. He received his A. B. and Ph. D. degrees in political science from Harvard University in 1926 and 1937, respectively. For 10 years (1931-41), Mr. Pettee served as instructor in government at Harvard University with courses in industry, foreign trade, etc. At the War Production Board, Mr. Pettee was in charge of research concerned with the American requirements and supply of imported strategic and critical materials. His employment with the Office of War Information included the preparation of basic reports on official statements of all belligerent nations, with emphasis on economic aspects of the war effort, which included production, manpower, price control and inflation, requirements and supply, agriculture and food, etc. The work of the Division directed by Mr. Pettee is almost purely analysis on the enemy war economy, covering all aspects from raw materials and manpower, to finance and organization. The qualifications required for such a post involve primarily an ability to direct and organize research, which necessarily involves research experience. Mr. Pettee's past studies and teaching, and past governmental experience in Washington, were largely focused on the problems with which he is now dealing.

Pollak, Franklin S., head mission officer, \$6,500. Mr. Pollak is in charge of preparation of requirements programs for exports from the United States to South Africa and the Rhodesias. In this position he has to consider requirements for equipment and material necessary to the Foreign Economic Administration procurement programs in those countries. Mr. Pollak was head attorney at \$6,500 in the Lend-Lease Administration, in which position he acquired considerable training and experience in all phases of the Lend-Lease program, with particular emphasis on requirements work. He was also for a time Chief of Section in the Department of Justice at \$6,500. Before coming to Washington he was in private law practice with Sullivan and Cromwell in New York City, and for over 2 years was special assistant to the attorney general of New York at \$7,200.

Poore, Francis R., Deputy Assistant Administrator for Personnel, \$6,500. As director of personnel operations he supervises day to day activities of the Office of Personnel. Mr. Poore has been employed by the Federal Government for the past 25 years and has a wide experience in the administrative management field. His experience during the past 10 years, in which he held responsible positions in the Government and in particular the knowledge gained while he was Personnel Officer and Foreign Service Administrative Officer for the Board of Economic Warfare, made him well qualified for his present position. His earnings have increased gradually commensurate with his assuming increased responsibilities, and he has been at \$6,500 since July, 1943.

Powell, William G., head analyst, \$6,500. Mr. Powell is a combination engineer and analyst whose education and professional experience fit him for the position he holds in the Basic Industries Section in the Far East Enemy Division, in which he has the responsibility for the analysis of miscellaneous but war-important industries in Japan and the broad capital equipment field. His entire career has been devoted to engineering and engineering research and for many years his earnings have been at or above the present level. He received a civil engineering degree at Cooper Polytechnic Institute in 1910 and another engineering degree from the Yale University Scientific School in 1917. Early in his career he was a transportation engineer and for several years after his return from service in the First World War he operated a short-line railroad in New York State. His later experience includes that of executive vice president of the Lawrence Industrial Bureau at Lawrence, Mass.; city manager of Ashland, Ky., 1933 to 1935; Chief Engineer Resettlement Administration, 1935 to 1938; executive director of Beaumont, Tex. Industrial Bureau, 1938 to 1941; and Chief of the War Facilities Unit, National Resources Planning Board, 1941 to 1943. It was because of his broad experience that he was chosen for his present position in mid-1943.

Rosenberg, Allen R., Chief of Section, Liberated Areas Branch, \$6,500. Mr. Rosenberg's duties require him to work in close cooperation with the Civil Affairs Division of the United States Army. He has recently returned from a successful mission to London where he was engaged in coordinating the work of the Foreign

Economic Administration with that of the military authorities and the British Ministry of Economic Warfare, particularly in the field of territories expected to be liberated from enemy control in the very near future. He has been highly commended for his excellent work by General Hilldring, Chief of the Civil Affairs Division of the War Department. The competent manner in which he has discharged his responsibilities since joining the staff of the Board of Economic Warfare in 1941, has resulted in his present assignment. Prior to that time he has been engaged in responsible legal work for various Government agencies since his graduation from Harvard Law School in 1936 including the Railroad Retirement Board, the Special Senate Committee on Education and Labor and the National Labor Relations Board.

Rowlands, E. M., Assistant Chief, Relief and Rehabilitation Division, Office of Food Programs, \$6,500. His work consists of reviewing requirements of farm machinery and processing machinery, feeds, seeds, fertilizers, insecticides and pesticides, and acquiring and handling of contingency reserves of foodstuffs and agricultural supplies against the prospective needs of occupied areas. Upon finishing his education in 1924, he took over the management of a 640 acre farm organization involving the actual operation of four farms for a period of sixteen years. He later became Executive Vice President of the Bank of Cambria, Wisconsin. His earnings from all sources for the period from 1924 to 1939 ranged from \$5,000 to \$12,000 annually. In 1940 he was appointed Senior Administrative Officer of Surplus Marketing Administration, United States Department of Agriculture. Later in 1940, he was promoted to the position of Executive Assistant to the Regional Director and early in 1941 he was made Assistant Regional Director and was placed in charge of all staff and field operations of the Region. Later in 1941, he was transferred to Washington and made Special Assistant to the Administrator of Surplus Marketing Administration. In January 1943, he transferred to the Board of Economic Warfare as Deputy Chief of the Equipment Exports Staff of the Office of Imports. In this position he assisted the Chief of the Equipment Exports Staff in organizing the requirements and supply sections of each Division of the Office of Imports, and in correlating the various requirements of these Divisions for submission to the War Production Board for allocations of materials. The latter experience is particularly pertinent to his present position.

Schneider, Chico H., head mineral specialist, New Caledonia, \$6,500. Mr. Schneider has been given the responsibility of taking necessary measures to step up production of nickel in New Caledonia, the world's second largest source of this mineral. Nickel is required in the manufacture of practically all armaments and armor plate. Mr. Schneider has worked for the American Metal Company, the British Ministry of Supply and Copper Exporters, Inc., earning up to \$15,000. He is on loan to the Foreign Economic Administration from the American Metals Company.

Schneider, Joseph Z., head analyst, \$6,500. As Chief of the Basic Industries Section of the Far East Enemy Division, Dr. Schneider has the responsibility for directing the analysis of all of the basic industries of Japan, such as iron, steel, chemicals, nonferrous metals, power, etc., and practically all of his education and professional experience contribute to his qualifications for this assignment. He was educated largely in his native country, Czechoslovakia, receiving the Bachelor of Arts degree in 1914, Master of Science in 1919, and Chemical Engineer in 1920. From 1920 to 1922 he was employed as Chief of the Drugs and Dyestuffs Department of an import-export firm in the Philippine Islands and during this period he traveled in other parts of the Far East. In 1926 and 1927 he was a consulting chemist in Praha, Czechoslovakia, and in 1928 and 1929 he was a consulting engineer associated with a Chicago concern. From 1930 to 1939 he was professor and head of department of the Graduate School of Commerce at Praha. In 1939 and 1940 he was director of education and member of the board of directors of the Bata Shoe Co., Inc., and Ataman, Inc., at Belcamp, Md. From 1940 to 1942 he was professor at the Madison College, department of chemistry, Harrisonburg, Va. He is an expert on the basic industries of Japan with which his work is primarily concerned.

Schwinn, Walter K., head intelligence officer in Italy, \$6,500. Mr. Schwinn's work involves obtaining and analyzing economic intelligence information, which work is carried on under his supervision by a small group of intelligence officers who work in close cooperation with the armed forces. Prior to his present assignment Mr. Schwinn served as intelligence officer in Algiers, where his work was so effective that he was chosen for his present post. Before going to Algiers he had rigorous training in Washington in work of the type in which he is now engaged. His experience in private life in newspaper work, specializing in foreign affairs, formed

a valuable background—requiring, as it did, the ability to seek out information and thereafter to sift and appraise it.

Shirer, John T., head economic analyst, \$6,500. Mr. Shirer worked on many types of studies and reports after joining the Office of Lend-Lease Administration in 1941, including preparation of special reports and recommendations for submission to Mr. Stettinius. For 7 years he was an analyst with the Securities and Exchange Commission. Wrote various reports and was in charge of a group of analysts during preparation of material for public hearings. Mr. Shirer was with the Standard Statistics Co., Inc., of New York City for 5 years, his work with this organization being devoted largely to the preparation of industry and individual company analyses. Among the industries in which he specialized were agricultural and industrial machinery, tobacco, leather and shoes, meat packing, and drugs. This type of work provided broad experience in the fields of economic statistics, finance and accounting. Prior to working for the Standard Statistics Co., he was financial analyst with Investors Research Bureau, Syracuse, N. Y. Mr. Shirer had specialized training at college and did graduate study in economics and finance at the University of Chicago.

Skinitzero, Louis J., assistant to the special representative, Venezuela, \$6,500. Mr. Skinitzero was born in Spain, educated in Belgium, and worked in France. For 14 years he worked with the Latin-American Press Association, Paris, on assignments covering trade and commercial relationships between United States of America, Europe, and Latin America. For 5 years he worked for the Chrysler Corporation, Detroit, in the export division, directing field operations in Latin America. In 1941 he represented the Coordinator of Inter-American Affairs on the Appeals and Reviews Committee of Export Control in the Economic Defense Board, and in 1942 he was employed by the Bureau of Economic Warfare as Chief of the Field Coordination Division. Particularly because of his experience in commercial and governmental fields in South America, Mr. Skinitzero is qualified for this position.

Stephan, Harold, assistant chief, Metals and Minerals Division, Requirements and Supply Branch, \$6,500. He was graduated in 1929 from Virginia Polytechnic Institute with a degree of Bachelor of Science in mechanical engineering. Until 1931 he was employed in the engineering department of the Hanley Co., of Bradford, Pa. From October 1931 until February 1941 he was with the United States Tariff Commission where he worked on studies of United States trade in metals and minerals products. In February 1941 he was loaned by the Tariff Commission to the Administrator of Export Control in connection with the licensing of iron and steel products and in August of that year transferred to that office. Since then he has worked through practically all phases of the licensing of metals and minerals products. He has, therefore, special professional and experience qualifications for his present position.

Stone, Edmund J., Chief, Intelligence Section, \$6,500. Mr. Stone's academic training includes an M. A. degree in the field of international trade and finance. For 2 years he was a research fellow with Brookings Institute. Since July 1936 he held several positions in the Federal Government, including that of economic analyst dealing with industry, production, supply, and procurement problems. In December 1943 he transferred from the War Production Board at the same salary and has been placed in charge of the collection and analysis of data and the preparation of recommendations with respect to industry operations in Axis-occupied European countries. Both by training and experience, he was qualified for his present position, and his earnings have increased in the Government gradually only on the basis of his qualifying for and assuming increased responsibilities.

Sundelson, J. Wilner, Head Requirements Officer, London Mission for Economic Affairs, \$6,500. Mr. Sundelson's background of business experience, teaching, research work, and travel renders him unusually qualified for his position as head requirements officer in the London Mission for Economic Affairs. He has lived and studied abroad; has a B. A. from Minerva College in Zurich, Switzerland; a B. S., an M. A., and a Ph. D. (economics) from Columbia University in this country; has worked as an investment adviser and financial analyst on Wall Street; has done research work for the Twentieth Century Fund, and various other private agencies; taught economics; and had an annual earned income of \$7,500 before entering full-time Government service at \$6,500. Mr. Sundelson has had as much experience as any single person in the field of estimating requirements for those areas in Europe and the Far East which will be liberated from enemy control. Also he has worked closely with British and American military and civilian authorities in this field. He is universally regarded as a man of unusual talents and ability.

Timberg, Sigmund, Chief, Property Relations Division, Liberated Areas Branch, \$5,600. Mr. Timberg's position requires knowledge of corporate finance and industry and finance organization in connection with property rights in areas which will shortly be liberated from enemy control. He is particularly qualified for such work by reason of his legal training in Roman, civil, and international law, and his experience in private legal practice with the firm of Strauss & Kenyon, in New York, his work with the Government in the Securities and Exchange Commission, and his experience since 1942 with the Board of Economic Warfare and its successor agencies. In the latter connection he has had charge of work on cartels and commodity controls in the Reoccupation Division of the Board of Economic Warfare.

He knows both French and German and has done considerable traveling in French- and German-speaking areas. He has served with the Department of Agriculture and had considerable dealings in international commodity agreements. From time to time he has rendered special services to congressional committees, including the Nye committee investigating the munitions industry, the Temporary National Economic Committee, the Senate Patents Committee, and the War Contracts Subcommittee of the Senate Military Affairs Committee.

Tirana, Rifat, Chief, Economic Reconstruction Division, \$6,500. Mr. Tirana was employed by the League of Nations, Geneva, Switzerland for 9 years during which he occupied among others the following positions: Assistant Secretary of the Financial Committee of the League in charge of the economic reconstruction of Austria, Hungary, Greece, Bulgaria, and Estonia; Assistant Secretary of the Gold Delegation of the League of Nations; Assistant Secretary of the Banking Commission of the World Economic Conference in London in 1933; Secretary to Senator Key Pittman of the United States Senate, when latter was serving as Chairman of the Silver Subcommittee of the World Economic Conference; editor and part contributor of the two annual volumes on Money and Banking; adviser on central and south-eastern Europe. Later, for 3 years, he was employed by the Federal Reserve Board as a foreign economist in charge of work dealing with the European central banks, serving also as an adviser on the Nazi economic system. He is also the author of *Spoil of Europe*, a study of Nazi economic techniques. Mr. Tirana has been engaged in reconstruction and rehabilitation work ever since he joined the staff of the Board of Economic Warfare in 1942. He initiated and organized the work on the Middle East and problems connected with the Middle East supply center involving the direction, control, appraisal, and coordination of the entire operations, research, analysis, and liaison with the division dealing with all civilian problems arising on the liberation of territory by the Allied forces. He has recently been in Italy as special assistant to Hon. Henry F. Grady, American Minister and member of the Allied Control Commission for Italy during which he assisted in negotiations with Allied and Italian authorities.

Valentine, L. L., Chief, Appropriation Account Division, \$6,500. Mr. Valentine has had approximately 7 years of experience in the field of Federal finance and budgetary work which particularly qualifies him for his present position. He has been, successively, State supervisor of finance, National Youth Administration; State Director of Finance and Statistics, Executive Assistant, Division of Finance and Statistics, and Assistant Director and Director, Division of Finance and Statistics, with salaries ranging from \$3,000 to \$6,500, the latter being the salary at the time of his transfer to Foreign Economic Administration. He holds the degree of B. A. from Western Kentucky State Teachers College.

Van Wagenen, Hugh R., head production officer, Johannesburg, South Africa, \$6,500. Mr. Van Wagenen supervises production and procurement of South African copper, chrome, Iceland spar, fluorspar, and other strategically important metals and minerals needed in our effort. In addition he is charged with the responsibility of supervising the proper expenditure of a Government loan amounting to \$1,500,000 for plant expansion of the O'Kiep copper mine. Mr. Van Wagenen has had years of experience as a mining engineer in charge of operations in the United States, Chile, British Colombia, and Mexico and earned up to \$12,000 a year as mining engineer and up to \$100 per day as consultant to private concerns.

Warner, Howry H., head administrative officer, San Francisco, assigned to the South Pacific Division, \$6,500. Mr. Warner, immediately prior to joining the Foreign Economic Administration, was assistant director of food control in Honolulu under the military government, in charge of licensing food, directing local production policy and exports and imports. He has been placed in charge

of all operations in the forward areas, including Guadalcanal, Tulagi, Bougainville, New Georgia, the Admiralty Islands, etc. In this capacity he has charge of all food specialists and technicians in carrying out general plans formulated by Messrs. Ryerson and Oliver in New Caledonia. His headquarters are on Guadalcanal. In carrying out his duties in these military areas he works in close cooperation with our armed forces. His experience of over 20 years in agricultural work in California and the Hawaiian Islands clearly qualifies him for the highly important work which he is now performing in the Southwest Pacific.

Washington, George T., head mission officer, \$6,500. Mr. Washington received his bachelor of philosophy from Yale in June 1928; his bachelor of literature from Oxford University, Oxford, England, June 1931; and his bachelor of laws from Yale Law School, June 1942. He was with the firm of Root, Clark, Buckner & Pallantine, New York City, for 5 years as an attorney and was receiving a salary of \$6,800 per annum at the time he left the firm to join the faculty of Cornell University Law School as associate professor of law. In March 1942, he was employed by the Office of Lend-Lease Administration as principal attorney \$5,600, prior to which time he was earning \$6,250 at Cornell. He was later promoted to the position of head attorney at \$6,500 per annum and soon after was assigned to the position of head mission officer at the same salary. His experience as a practicing attorney included many types of work including litigation, banking, brokerage, corporation laws, and commercial law generally. His education and experience in the field of law plus his knowledge of lend-lease operations particularly qualified him for his present position.

Waterston, Albert, chief of statistics and analysis service, Bureau of Supplies, \$6,500. Mr. Waterston held important positions in the Office of Exports, Board of Economic Warfare, earning \$6,500 as principal business analyst. He was Assistant Chief of the Controlled Materials Division and later was Chief of the Statistics and Reports Division in the Office of Economic Warfare. Before joining the Board of Economic Warfare in 1942 Mr. Waterston was associate price executive at \$5,600 with the Office of Price Administration, in charge of the Radio, Furniture, Bedding and Rug, and Personal and Household Accessories Sections. He had many years of experience in various businesses in New York City as salesman, manager, and owner and was an instructor in economics at New York University, where he had gotten his bachelor of arts degree. He also got a master of arts from Columbia, specializing in statistical methods and economics.

Williams, Philip T., Deputy Director, White Paper Policy Staff, \$6,500. Mr. Williams has been in Government service for the past 10 years as Finance Examiner, Public Works Administration (\$4,500); examiner, Securities and Exchange Commission (\$4,200); Chief, Bolt, Nut, Screw and Screw Machine Products Section, War Production Board (\$4,500); representative in New Zealand of the office of Lend-Lease Administration (\$6,500); and Deputy Director, White Paper Policy Staff, Foreign Economic Administration (\$6,500). Prior to that time he was associated with Harris Forbes & Co., New York (investment securities), General Motors Acceptance Corporation and Universal Credit Co. While with Universal Credit Co., he was manager of the Mexico City, branch office (\$7,100). The 6 months spent in New Zealand with the lend-lease mission gave Mr. Williams first hand knowledge of field operations and the manner in which the present Foreign Economic Administration mission personnel may be used in the application of policy and the functions of the White Paper Policy Staff office. Also, the knowledge acquired during his 14 months with the War Production Board is valuable to this present staff operation inasmuch as we must keep closely informed regarding conservation and allocation orders, the supply position in this country on all types of materials and products, and the 10 months spent in Mexico as manager of the Universal Credit Co. branch there gave him an insight into the intricacies of foreign exchange and foreign banking methods which is useful in his present job.

Wynn, Sproesser, assistant special representative, Bolivia, \$6,500. As assistant special representative in Bolivia, Mr. Wynn shares responsibility for the direction and coordination of Foreign Economic Administration activities in that country with the special representative. Mr. Wynn graduated from Texas Christian University and received a law degree from the University of Texas. He majored in economics and government, while his studies at the University of Texas, included beside law, labor management and Spanish. He practiced law as an individual for over a year after leaving the university, then joined a law firm in Fort Worth. During 1942, the last year in Texas prior to joining the Board of Economic Warfare, he earned \$12,000. In December 1942 he was

employed as a principal business analyst by the Board of Economic Warfare at \$5,600. After he had spent 5 months in Bolivia where his work could be evaluated in relation to the Foreign Economic Administration program in that country, he was promoted to \$6,500, which salary has continued since May 1943. Because of his educational background, his skill in directing personnel, and his special aptitude for working in close harmony with other United States representatives in a most difficult time in Bolivia, Mr. Wynn is clearly qualified for his present position and salary.

Bryan, Carter R., Eastern European Section, \$5,600. Mr. Bryan has been chief of the Vienna Bureau for the London Times, the New York Times, and the International News Service, and he has traveled extensively in almost all of the European countries both before and during the period of German occupation. He also speaks, reads, and writes several foreign languages, and he has the degree of doctor of philosophy in the field of political science. In 1940 he became international editor of the Bureau of Foreign and Domestic Commerce, and instituted the Foreign Commerce Weekly as well as the International Reference Service. He also served as Chief of the Mexico and Central American Sections of the Bureau.

Nathan, Kurt, shipping analyst, Liberated Areas Branch, \$3,800. Mr. Nathan has had some 11 years experience in private business plus over a year's experience in the Government, all of which has been devoted to experience in exports, foreign trade and transportation. For several years he was with a large export firm in Hamburg, Germany, and thereafter he spent some time as assistant manager of the district agency of all the leading Dutch steamship companies at Leipzig. After coming to the United States, he as for 7 years the export and foreign trade manager of S. Stern, Stiner & Co., Inc., in New York, and for 8 years immediately prior to joining Government service, he was engaged in executive positions and earned approximately \$10,000 per annum. In addition to his broad transportation and shipping experience, Mr. Nathan has traveled widely and has a considerable knowledge of foreign languages, all of which gives him special qualifications for the work in which he is now engaged.

Boke, Richard L., economist, \$5,600. Mr. Boke is presently detailed to the field staff since he is soon to survey the food production program in Chile and Peru, and in Ecuador, attempt to negotiate for the production and procurement of rice. Mr. Boke attended both Antioch College and the University of Chicago, and has had a broad background of agricultural and economic experience. Since 1933 he has held responsible positions in the field with the Department of the Interior and United States Department of Agriculture. Since 1941 he has been with the Coordinator of Inter-American Affairs occupying first the position of Assistant Executive Director; secondly, Director of Field Operations. This work related principally to agricultural development and production in Latin America. Since February 1944 he has been employed in the Office of Food Programs of Foreign Economics Administration handling policy matters in connection with procurement and development of foods in Latin America. He has been earning his present salary continuously since January 1942 and joined the Foreign Economic Administration with no increase.

The CHAIRMAN. That is all, gentlemen; thank you.

Mr. Cox. Thank you, sir.

FRIDAY, MAY 12, 1944.

EXPORT-IMPORT BANK

STATEMENTS OF WARREN LEE PIERSON, PRESIDENT; DAVID B. GRIFFIN, ASSISTANT TREASURER, AND HAWTHORNE AREY, VICE PRESIDENT AND ASSISTANT GENERAL COUNSEL

The CHAIRMAN. Taking up the Export-Import Bank of Washington, Mr. Pierson, will you give us a statement showing the number of loans you have made, the status of the loans, and any delinquencies and the profits?

Mr. TABER. The balance sheet and operating statement.

The CHAIRMAN. Yes.

Mr. PIERSON. As stated in our prepared statement, Mr. Chairman, the bank meets all of its administrative expenses out of earnings and this is a request for allocation of a portion of its funds rather than for an appropriation. The text of the prepared statement follows closely our justification of estimates, a copy of which is in the possession of each member of the committee.

(Statement referred to follows:)

The Export-Import Bank of Washington was created in 1934 with broad banking powers to facilitate exports and imports and the exchange of commodities between the United States and the governments, agencies, and nationals of other nations. To further the development of the foreign trade and the expansion of world markets of the United States, the Congress in September 1940 increased the lending authority of the bank in order to enable it to make loans, inter alia, to develop the resources, stabilize the economy, and assist in the orderly marketing of products in the countries of the Western Hemisphere. The bank is authorized to have outstanding at any one time loans or other obligations to it aggregating not in excess of \$700,000,000.

Prior to the war in Europe the major activities of the bank involved financing the export of surplus agricultural crops and assisting United States manufacturers and suppliers of manufactured products, principally capital goods such as railway equipment and machinery, to meet the competition of foreign firms utilizing cheap labor or supported by Government subsidy. In the countries of the Western Hemisphere principal emphasis was upon the development of highway and railway transportation systems in order to make accessible those products which were required in the United States and which would furnish the dollar exchange to make payment for purchases from us.

During the war the bank has assisted in meeting this country's changing needs in the field of foreign finance. Today it is engaged in financing the exportation of materials and equipment required for projects of vital interest to the war effort as well as the development of those resources of other countries fundamental to the improvement and expansion of our mutual trade. In addition, the bank is cooperating with private commercial banks and United States suppliers and exporters in arranging suitable letters of credit designed to continue, so far as possible under wartime conditions, the shipment to Latin America of those products necessary to the economic life of the various countries.

A statement of the number of loans or the amounts disbursed by the bank fails to reflect fully the amount of work required of its staff in connection with the authorization, the disbursement, and the collection of loans. Each application requires careful analysis and individual study. When a loan has been approved by the board of trustees or executive committee of the bank it is necessary to prepare letters of instruction, formal contracts, and other legal documents. Thereafter, in cases where the credit provides for projects to be submitted to the bank for approval prior to the disbursement of funds, such projects frequently require not only a careful analysis from a banking standpoint but also a thorough engineering or other technical examination. Nearly a third of aggregate amounts advanced under credits are disbursed through the facilities of private banks and financial institutions. While this method of disbursement enables us to operate with a smaller staff than would otherwise be required, nevertheless all of these transactions must be entered on our records and must receive careful and continuous supervision. Only in rare instances are loans effected through a single disbursement and practically all loans are repaid in installments. In view of the fact that no two loans are of the same nature, the work cannot be standardized to any appreciable extent.

In order to meet the many new problems which the war has created in this hemisphere and in order to justify the support which we are seeking from the countries of Latin America, projects to be financed through loans recently approved must be carried out expeditiously and with extreme care. In many instances supervision and periodic inspections in the field are necessary to insure completion of projects and to provide for the most efficient use of the materials and equipment financed under the credits. The bank has been able to meet the demands made upon it for the careful and expeditious administration of its outstanding credits with a minimum staff. However, as existing commitments are

converted into active credits a gradual increase in the staff will be essential for the continued efficient performance of functions of the bank.

It will be recognized that purchases for export cannot be effected as in peacetime trade and that manufacturers and suppliers are now justified in requesting letters of credit or immediate payment against documents in nearly all cases. Such a situation increases the administrative problems of the bank. In this respect it may be well to point out again that authorization of a commitment by the bank is not followed by a single transfer of funds, but that in order to assure the utilization of the funds in accordance with the terms of the loan disbursements are made from time to time to make appropriate payments or reimbursements for proper expenditures. As an example, it might be pointed out that under the \$45,000,000 credit to the Brazilian steel plant, the bank has opened letters of credit and made individual commitments to cover more than 6,000 orders which have already been placed in the United States. Up to the present time this loan has involved over 5,000 individual disbursements and before the full credit has been utilized there will have been a total of more than 30,000 transactions. Similar situations prevail in many other credits of this type.

There are at present on the books of the bank 120 loans and commitments involving 28 foreign governments or the agencies or nationals thereof. Also the bank has at present entered into 23 contracts with 23 Latin-American banks and 176 contracts with 31 United States banks pursuant to which letters of credit are opened or disbursements made from time to time as purchases are effected from the United States.

To April 30, 1944, the bank had effected disbursements aggregating \$451,655,-487.52 of which amount \$234,486,004.20 had been repaid. Outstanding loans as of that date totaled \$217,169,483.32. Undisbursed commitments total \$403,-267,988.33 with respect to many of which detailed negotiations and the preparation of loan contracts and other legal documents will be necessary.

Earnings for the past 5 fiscal years have been as follows:

1939-----	\$1,744,630.74	1942-----	\$7,544,080.13
1940-----	3,300,186.09	1943-----	7,635,080.06
1941-----	5,384,623.97		

The Export-Import Bank has been operating with a staff of 6 officers and 55 employees of varying grades, including the legal staff, the accounting staff, secretarial staff, etc. A bank in New York whose business is of a nature comparable to ours and whose total assets amount to only \$40,000,000 maintains a staff of 11 officers and 138 other personnel.

The bank meets all of its administrative expenses out of earnings and authority is, therefore, requested for the allocation of a portion of its own funds rather than for an appropriation.

The CHAIRMAN. As I understand, your expenses are from your own funds, and the figures provided here are the limitation upon the amount of expenditures from your own funds.

Mr. PIERSON. That is correct. I have a detailed summary of the loans up to the close of business last night.

The CHAIRMAN. You may insert that in the record.

(Statement referred to follows:)

Daily summary of loans, cumulative from Feb. 12, 1934

	Latin America	China	Other	Total
Authorizations-----	\$799,599,914.99	\$138,943,329.99	\$247,269,613.56	\$1,185,812,858.54
Cancellations and expirations--	223,446,895.88	4,526,800.00	102,905,308.21	330,879,004.09
Disbursements-----	233,993,321.24	116,442,272.37	103,558,186.63	453,993,780.24
Repayments-----	112,419,388.93	58,564,433.13	63,814,532.82	234,798,354.88
Outstanding loans-----	121,573,932.31	57,877,839.24	39,743,653.81	219,195,425.36
Undisbursed commitments-----	342,159,697.87	17,974,257.62	40,806,118.72	400,940,074.21
Total, undisbursed commitments plus outstanding loans-----	463,733,630.18	75,852,096.86	80,549,772.53	620,135,499.57

Mr. TABER. You also have given us the operating statement?

Mr. PIERSON. Yes; this shows conditions as of April 30 of this year. (Statement referred to follows:)

Statement of condition as of Apr. 30, 1944

ASSETS	
Cash in Treasury-----	\$126, 062. 28
Cash items in transit-----	21, 324. 30
Special deposits-----	103, 178. 49
Total cash-----	\$250, 565. 07
Deposits with Reconstruction Finance Corporation-----	57, 350, 000. 00
Loans:	
Direct-----	\$142, 466, 426. 92
Acceptances by other banks—contra-----	74, 703, 056. 40
Total loans-----	217, 169, 483. 32
Assignments, claims-----	2. 00
Interest earned but not due-----	2, 365, 783. 27
Other assets-----	153, 476. 92
Total assets-----	277, 289, 310. 58
LIABILITIES	
Accounts payable-----	9, 753. 18
Collateral funds-----	55, 203. 81
Discount collected but not earned-----	108, 184. 79
Deposits by participants in loans-----	5, 925, 230. 10
Acceptances by other banks—contra-----	74, 703, 056. 40
Assignments, claims-----	2. 00
Unallocated receipts-----	1, 074, 769. 90
Preferred stock-----	\$174, 000, 000. 00
Common stock-----	1, 000, 000. 00
Reserve for contingencies-----	209, 755. 82
Undivided profits-----	20, 203, 354. 58
Total capital-----	195, 413, 110. 40
Total liabilities-----	277, 289, 310. 58

BRAZIL STEEL PLANT

Mr. WIGGLESWORTH. Mr. Pierson, will you tell us about the Brazilian Steel plant situation?

Mr. PIERSON. Yes. The Brazilian Steel plant involves a commitment from the bank of up to \$45,000,000, the use of which is confined to the purchase of American equipment, services and shipping charges. In addition to the \$45,000,000 provided by the Export-Import Bank, the Brazilian Government and private investors in Brazil, through a company known as the Brazilian Steel Co. are putting up the equivalent of \$40,000,000 additional.

The plant is a well-integrated steel project, involving blast furnaces, open hearth, and a byproducts installation. The total capacity will be approximately 300,000 tons annually, comparing roughly with the Fontana plant at San Bernadino, Calif.

Mr. WIGGLESWORTH. You have the obligation of the Brazilian Government to back up the loan?

Mr. PIERSON. Well, we have the obligation of the Brazilian Steel Co. guaranteed by the Bank of Brazil, and by the Brazilian Government. The loan matures over a period of 18 years, that is, in installments over 18 years.

Mr. TABER. How far along is it?

Mr. PIERSON. It is about 65 percent complete.

Mr. TABER. In operation?

Mr. PIERSON. No. It should operate, as far as pig iron is concerned, before the end of this year, and for steel by a year from next October.

Mr. TABER. Do we get any reciprocal benefits along the line of ore or rights or anything of that character?

(Discussion off the record.)

Mr. TABER. Did you have anything to do with the Utah performance?

Mr. PIERSON. No.

Mr. TABER. How much loans have you made this year?

Mr. PIERSON. My recollection is that they have totaled about \$50,000,000, but I will have to check on that. I believe it is contained in this statement.

Mr. TABER. Who were they made to?

Mr. PIERSON. Either to American exporters or to Latin-American countries and China.

Mr. TABER. How much is the biggest?

Mr. PIERSON. The biggest single loan is the Brazilian Steel loan of \$45,000,000.

Mr. TABER. That was not made last year?

Mr. PIERSON. That was made 2 years ago.

Mr. TABER. And a part of it was paid out in 1943.

DEFAULTS

Mr. PIERSON. You asked about defaults.

Mr. TABER. Have you any defaults?

Mr. PIERSON. We have one of \$178,000, but we are working on it at the present time.

Mr. TABER. That is not the Government, but an individual?

Mr. PIERSON. It is an individual.

Mr. TABER. Who is it?

Mr. PIERSON. It is to an American company, an importer of strategic materials.

Mr. TABER. Are there quite a number of exporters who are in default?

Mr. PIERSON. No.

Mr. TABER. There are many of them outstanding?

Mr. PIERSON. Of the amount, I suppose about 20 percent of the total loans are directly to American exporters. Probably 80 percent of our loans are used directly to finance exports.

Mr. WIGGLESWORTH. You show in your budget as of December 31, 1943, disbursements aggregating \$433,400,000; repayments aggregating \$228,400,000, and outstanding, \$204,900,000. But none of the \$204,900,000 is delinquent?

Mr. PIERSON. No.

Mr. WIGGLESWORTH. As to principal or interest?

Mr. PIERSON. Of the \$400,940,000—

Mr. WIGGLESWORTH. I am talking about the \$204,900,000 outstanding as of December 31.

Mr. PIERSON. Here is an up-to-date sheet on that; \$219,195,000 would be the comparable figure.

Mr. WIGGLESWORTH. Yes.

Mr. PIERSON. The only item in default is the \$178,000 I mentioned.

Mr. WIGGLESWORTH. Would there be any objection to furnishing the fiscal 1944 transactions for the record?

Mr. PIERSON. No; we can do that.

(Information requested follows:)

*Loans effected and collections made during first 10 months of fiscal year 1944
(July 1, 1943, to Apr. 30, 1944)*

Total disbursements.....	\$50,259,931.26
Total repayments (principal only).....	27,269,648.29

NET EARNINGS

Mr. PIERSON. We have net earnings up to May 10 of this year of \$33,388,294.33. Of that amount we have paid in dividends to the Reconstruction Finance Corporation the sum of \$13,075,178.04.

The CHAIRMAN. Will you include in the record at the proper place a statement showing the earnings by years? I believe it is set up in the justifications.

Mr. PIERSON. Yes. And it is in the prepared statement I presented a few minutes ago.

The CHAIRMAN. It is a very gratifying report and shows an increased profit each year from the beginning.

Mr. PIERSON. Yes.

TUESDAY, MAY 16, 1944.

WOOL PURCHASES OF U. N. R. R. A.

STATEMENTS OF HON. WILLIAM S. HILL, A REPRESENTATIVE IN CONGRESS FROM COLORADO; HON. FRANK A. BARRETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING, ACCOMPANIED BY MR. JOHN B. WILSON, SECRETARY, WYO- MING WOOL GROWERS' ASSOCIATION

The CHAIRMAN. We have with us our colleagues, Mr. Hill, from Colorado, Mr. Barrett, from Wyoming, and Mr. Wilson, of the Wyoming Wool Growers' Association.

We will be glad to hear you, Mr. Hill.

Mr. HILL. Mr. Chairman, and members of the committee, my purpose in appearing here this afternoon, and also my reason for inviting these other gentlemen, is because of the fact that information developed at the special hearings that the Agricultural Committee had on wool. I am a member of that committee. During the hearings Mr. Wilson, secretary of the Wyoming Wool Growers' Association, and Congressman Barrett, who comes from one of the largest wool-producing States, both attended those hearings.

It developed in those hearings that U. N. R. R. A. had decided not to purchase any domestic wool, at a time when we are stock-piling wool and are facing in 1944 and at the beginning of 1945 a stock pile

of something over a billion and a half pounds of wool, and at the same time we are importing into this country over 600,000,000 pounds of wool annually. That is what is facing the wool producers of this country. I am talking about information that we developed during the hearings last February and March. We thought we had better appear before this committee and tell you a few things the various witnesses stated concerning the purchase of domestic wool. We felt that the price of domestic wool made little difference, if it was domestic wool as compared to the imported or foreign wool and if the American taxpayer is to furnish the money to buy the wool to make the garments that are to be sent abroad.

I would like to sketch briefly some of the testimony developed at those hearings.

This will be found in the hearings before the subcommittee of the Committee on Agriculture of the House as of February 14, 16, March 10, 16, 20, and 28, of 1944. At page 135 of this particular hearing we were listening at the time to Kenneth W. Marriner, Director of Wool Cordage and Textile Machinery Division, War Production Board, and as I say, Mr. Barrett was also sitting with the committee. I quote from the testimony at page 135 as follows:

Mr. MARRINER. I understand that the policy has been that they use domestic wool.

Mr. BARRETT. Exclusively?

Mr. MARRINER. Exclusively; yes, sir. I feel sure that is the policy.

Mr. BARRETT. If that were true, then 65 percent of our domestic clip is left on our hands and 25 percent as you said will go to the United Nations Relief and Rehabilitation Administration, and we must dispose of the other 40 percent to domestic consumption if it is sold at all.

Mr. MARRINER. It has not gone yet to the United Nations Relief and Rehabilitation Administration, but that is what they are estimating the United Nations Relief and Rehabilitation Administration will need.

Mr. BARRETT. That is right.

Mr. MARRINER. I think the War Production Board feels we ought to make sure our own civilians are properly taken care of first.

Mr. BARRETT. Twenty-five percent of our capacity this year is to go to U. N. R. R. A., as you stated a while ago. Is that right?

Mr. MARRINER. Those percentages, as I said at the time, I did not want to be held to. Very little is to go to U. N. R. R. A. at present.

Mr. BARRETT. But you anticipate that?

Mr. MARRINER. Yes, sir.

Mr. BARRETT. Can you tell us what their policy is going to be respecting domestic wool?

Mr. MARRINER. I do not know, except that any price is too much for them.

Mr. BARRETT. As I understand their policy, they are going to buy the cheapest wool they can get?

Mr. MARRINER. That is right.

Mr. BARRETT. And they are going to make up these clothes with American trade-marks, and use any shoddy cheap wools they can get?

Mr. MARRINER. I am not able to talk for them. I can only go by hearsay, and I do understand they want to buy their goods as cheaply as possible. * * *

Mr. BARRETT. If the United Nations Relief and Rehabilitation Administration persists in its policy, then there is 40 percent of mill capacity left, and as I understand you, the conversion of foreign wools is better, and consequently the mills prefer foreign wools on that account and also the price is 18 cents cheaper, and accordingly the mills are going to take the 40 percent of their capacity for the coming year for civilian purposes from this Defense Supplies' stock pile and from imports; is that not right, in the main?

Mr. MARRINER. Yes; they will buy the wool as low as possible.

Mr. WOODRUM. He is not from U. N. R. R. A.; he is from the War Production Board?

Mr. HILL. Yes.

Mr. WOODRUM. Do you have anyone from U. N. R. R. A.?

Mr. HILL. I will turn to that in just a moment.

Mr. WOODRUM. That is, the Foreign Economic Administration; did you have some of them?

Mr. HILL. We had the War Production Board, we had the Defense Plants Corporation.

Mr. WOODRUM. Of course, the Foreign Economic Administration would be the people whose views you would want.

Mr. BARRETT. Yes.

Mr. HILL. Just let me finish this part of the testimony and I will come back to that.

Mr. WOODRUM. The Foreign Economic Administration would be Mr. Crowley's organization.

Mr. HILL. That is right.

Now, from page 248 on these same hearings, I want to give you the names and I want to give you just an idea what they said. I am quoting now from the testimony of F. Eugene Ackermann, textile consultant, executive director of American Wool Council. Here is what he stated:

As to the 25 percent which the United Nations Relief and Rehabilitation Administration wants—where they use any new wool at all they will use foreign wool.

Mr. WOODRUM. But he is not speaking for U. N. R. R. A.

Mr. HILL. No. But take the next sentence:

Mr. Konheim, the head of the textile section, so told me. He said that United Nations Relief and Rehabilitation Administration—

This is Konheim's statement—

He said that United Nations Relief and Rehabilitation Administration was engaged in a relief task, and that he had no interest in the domestic policy, that in the purchases of United Nations Relief and Rehabilitation Administration it was intended to buy foreign wool, bring it in in bond and use it, and that the effort to inject the required use of domestic wool into the situation was one of those panaceas in which he did not believe.

Then I asked this question:

Mr. HILL. Of course, Mr. Ackermann, you have got to admit that when U. N. R. R. A. comes before Congress for an appropriation that we might possibly change their policy and get them to use domestic wools rather than shoddy; suppose a little clause is put in the appropriation bill that any purchases would have to be domestic wool. What was the gentleman's name that you spoke of?

Mr. ACKERMANN. Mr. Konheim.

Mr. HILL. That might have an effect on Mr. Konheim's attitude.

Mr. ACKERMANN. Mr. Dewey Anderson is the head of that rehabilitation department; Mr. Konheim is under him. He is, I think, the director of textiles, garments, and shoe purchases.

Mr. HILL. Remember, they have no appropriation through Congress yet.

Mr. BARRETT. They get 13½ millions.

Mr. BARRETT. That should be \$1,350,000,000.

Mr. HILL. You are talking about an authorization.

Mr. ACKERMANN. U. N. R. R. A. denied that they had made any purchases.

Mr. HILL. They have not been given an appropriation as yet.

Mr. ACKERMANN. U. N. R. R. A. denied that it had made any purchases. Well, technically that is correct; actually it is not. U. N. R. R. A. began as O. F. F. R. O.—the Office of Foreign Relief and Rehabilitation—under Governor Lehman with a staff, and with a set job to do. Then, after the meeting in Atlantic City with delegates of our allied nations they became U. N. R. R. A., and inherited the O. F. F. R. O. staff and O. F. F. R. O. contracts and liabilities. U. N. R. R. A. now has the deciding voice in making up these O. F. F. R. O. inherited textiles into garments, and in purchasing garments. It is doing it with

the funds which were entirely domestic in character, from the United States Treasury, so that technically it has not yet laid its hands on the 1 percent of total national income which is our contribution to U. N. R. R. A. In any event the money comes from the United States Treasury. I do not intend to put this in the record, but it is of interest to the committee.

Then he showed us some clippings from statements that U. N. R. R. A. had made.

I have some other statements that I could make, but I do not want to take up more time.

The CHAIRMAN. If you wish you may extend your remarks.

Mr. HILL. There is one thing I want to suggest, if it meets with the committee's approval, and that is this: If we are going to appropriate money to make clothing for the rehabilitation of foreign countries and that money is to come from the pockets of taxpayers, we folks from the wool-growing sections of the United States insist domestic wool be used entirely for that purpose.

Mr. WOODRUM. What would they have to pay for the foreign wool?

Mr. HILL. If they pay the tariff—and the Government is not supposed—it still figures 18 cents below the domestic market.

The CHAIRMAN. It is your position that as to the wool we buy with American money, it ought to be American wool.

Mr. HILL. There is no question about that.

The CHAIRMAN. Of course we cannot control what is bought by Great Britain.

Mr. HILL. I mean what is bought with our money.

The CHAIRMAN. I agree with you, that all wool bought with American money should be American wool.

Mr. O'NEAL. What about lend-lease?

The CHAIRMAN. That does not come into this item.

Mr. O'NEAL. No; I am referring to lend-lease.

Mr. HILL. Yes.

Mr. LUDLOW. What is the difference in the quality between the local and imported wool?

Mr. HILL. Well, as a member of this special committee, after listening to the testimony, I am convinced that if we were careful in the treatment of domestic wool our textile manufacturing companies will find little fault with the wool.

But let me just say this and I want Mr. Barrett and perhaps Mr. Wilson to say a word about it. I might say that the information we gathered in the hearings convinced me that they are not interested in quality of wool in U. N. R. R. A.; they want to buy the cheapest wool, and if I had time I would like to read you from the testimony. They want to buy the cheapest wool and manufacture it into textiles, to produce the cheapest type of clothing, and to give it to these folks, and that will absolutely ruin the reputation of the American manufacturers of textiles.

The CHAIRMAN. The committee is due to meet a Senate committee in 5 minutes.

Mr. BARRETT. I just want to add one statement, Mr. Chairman, and I might say that it is intended, anyway, to buy 20 percent foreign wool, 50 percent shoddy, and take the reclaimed wool and mix it with cotton and rayon for the balance and that would make a very cheap product, and consequently, it is not a question of the quality of the domestic or the foreign wool; but that is the proposal that U. N. R. R. A. has under consideration.

Mr. HILL. There is just one more thought I would like to leave with the committee, and this is not a criticism offered to stock piling of wool; we probably should have built up a large stock pile of wool. But now we have that stock-piled wool and the amount may reach 2,000,000,000 pounds by January 1 of 1945. This is our wool and we have the problem of disposing of it. That is what this committee was trying to find out, some way to dispose of this surplus wool, and inasmuch as we will be spending the taxpayers' money for U. N. R. R. A., I do not see why it needs to be spent for foreign wool, and it would be my own opinion, and I am sure that of every member of this committee, that we ought to start to dispose of this stock pile. It is not a question of what this wool cost, but it is our wool, and we should use it.

The CHAIRMAN. You would be satisfied if all American funds for wool are spent for American wool?

Mr. HILL. Yes—well, let me put it this way. The part that is used for any clothing, for manufacturing of clothing that is paid for with taxpayers' money be made of American wool.

The CHAIRMAN. We thank you very much, Mr. Hill.

Mr. HILL. I appreciate the opportunity of appearing before the committee.

STATEMENT OF HON. FRANK A. BARRETT

Mr. BARRETT. Mr. Chairman, in connection with the appropriation for U. N. R. R. A., I appreciate the opportunity of making a statement on behalf of the wool industry of the United States.

As you know, the Commodity Credit Corporation purchased the entire wool clip of the United States during 1943 and will continue the program during the present year. Furthermore, it is anticipated that they will continue to purchase all domestic wools during the war and for a period thereafter. Consequently, it is highly advisable that the Congress give careful study to any appropriation that might increase the consumption of domestic wools.

I should like to call your attention to several pertinent facts in connection with the wool industry in this country. After the war commenced, the British Government stored some 330,000,000 pounds of Australian wool in this country as a reserve and protection against losses by shipment from Australia. Later on, the United States purchased these wools from Great Britain, and the Defense Supplies Corporation now has on hand approximately 280,000,000 pounds of this wool. Our domestic production of wool is approximately 450,000,000 pounds, and the Commodity Credit Corporation has carried over from its 1943 purchase of the domestic clip, and has on hand at the present time approximately 160,000,000 pounds of wool. The 1944 domestic clip of approximately 450,000,000 pounds is now being purchased by the Commodity Credit Corporation. In addition to this, Great Britain has stored in this country approximately 500,000,000 pounds of wool. Furthermore, it is reliably estimated that the mills and importers have on hand at the present time another 500,000,000 pounds of wool. It may, therefore, be reliably stated that the present stock pile of wool in this country belonging to the United States will, by July 1, be nearly 900,000,000 pounds of wool, and that in addition thereto, the British Government has a half-billion pounds of wool, and the mills and wool houses have an additional one-half billion pounds of wool.

Our normal consumption of wool in this country is 600,000,000 pounds a year, and consequently the stock pile of wool in this country at the present time is equivalent to about 2½ years of our normal consumption of wool.

During 1943 our consumption of wool amounted to approximately 1,000,000,000 pounds of wool, but our imports amounted to 600,000,000 pounds of wool, and unless we can take some radical steps to insure the consumption of our domestic wools, it may readily be seen that we will have a tremendous surplus of wool on our hands at the end of the war, and that this will be a threat against the industry for some long time to come.

In order to protect the wool industry of this country, it would seem sound business for the Congress to make provision to insure the purchase of as much of our domestic wools as possible for textiles used in the U. N. R. R. A. program. I might call your attention to the fact that domestic wool today has no market except Government storage warehouses, the United States Army and, in a smaller measure, the United States Navy. Foreign wool is being landed here below costs of producing domestic wool. The O. F. R. R. O., the predecessor of U. N. R. R. A., had already bought 15,000,000 yards of goods containing 20 percent new wool which is being distributed by the Army and the Foreign Economic Administration for relief in newly liberated European countries. In all instances this wool is foreign wool. U. N. R. R. A. has inherited the unfinished contracts of O. F. R. R. O. and proposes to continue the precedent established by O. F. R. R. O. of buying all foreign wool because it is cheaper.

With a group of other Congressmen, we discussed the situation of the wool industry with Secretary Jones last March, and at that time, the thought was expressed that U. N. R. R. A. did not anticipate the use of any appreciable amount of wool textiles in its relief program. I understand that some officials of U. N. R. R. A. contemplate specifications for fabrics to be ordered for foreign relief consumption containing only a maximum of 20-percent wool, the balance being reused wool or shoddy and cotton or rayon. The theory back of this proposal is to put out a low-grade fabric, with a low price. The product will be far from healthful, and on the whole uneconomical and generally unsatisfactory, and the garments made from these fabrics will not afford protection against the elements and will not wear satisfactorily, and consequently it will result in giving us a bad name throughout Europe.

In addition to the fact that the officials of U. N. R. R. A. propose to use only a small content of wool in these fabrics, I am reliably informed that they propose to get even this 20-percent wool content by using foreign wool, in order to obtain a lower original price, plus the benefit of tariff-free entry. Without question, their policy will be to disregard the wool growers of this country, and to get this wool where they can buy it just as cheaply as possible. To my way of thinking, that would be pretty poor business for this country, and I hope that your committee can work out an amendment which will protect the wool industry. I might suggest an amendment as follows:

"Any textiles, fabrics, or garments composed wholly, or in part, from wool purchased from funds provided in this Act, the wool used in such textiles, fabrics, or garments shall be produced in the United States and any specification for any textiles, fabrics, or garments composed in part from wool shall provide for at least 50 percent wool content.



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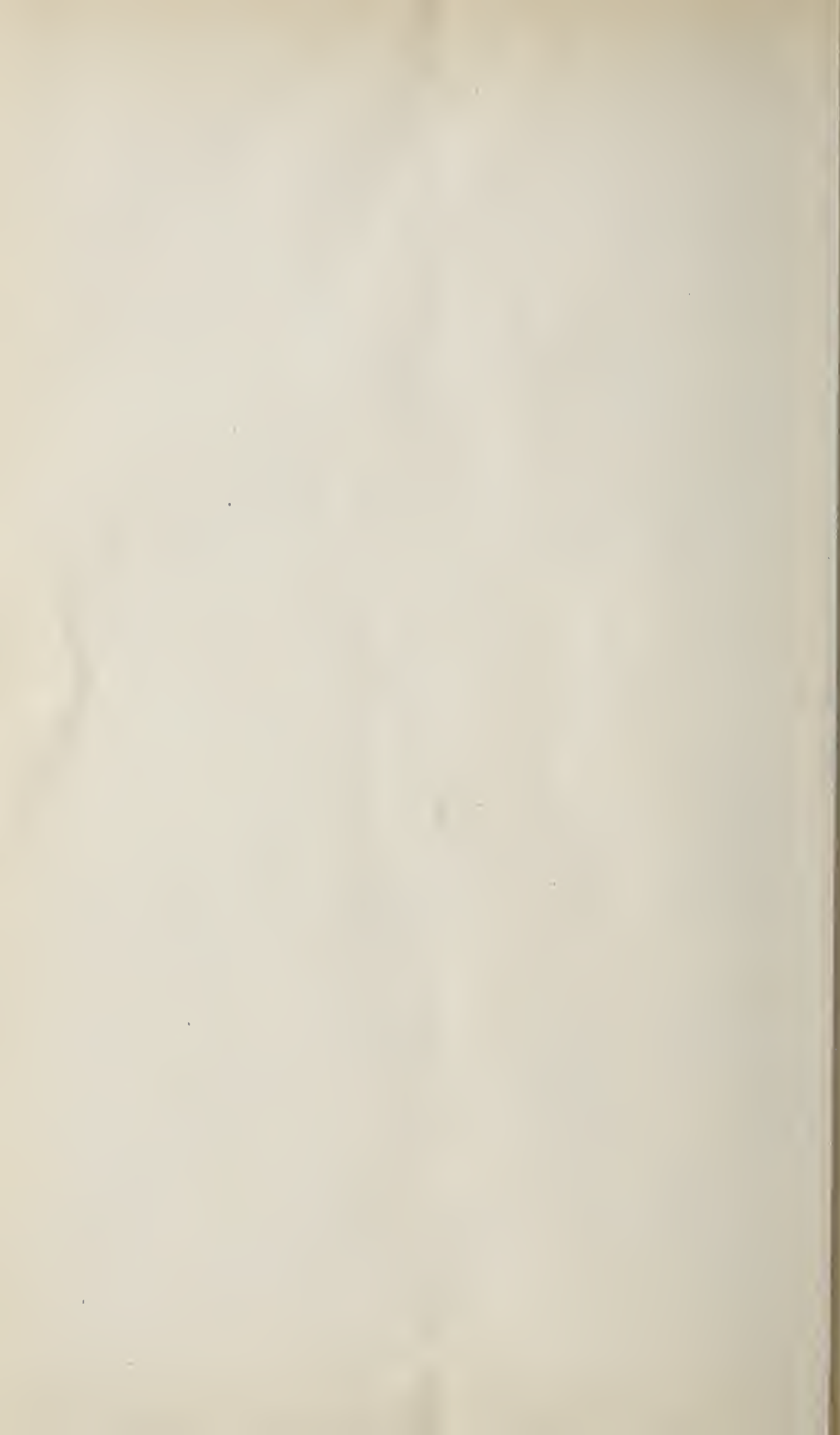
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FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL,
1945—INCLUDING DEFENSE AID (LEND-LEASE) AND PARTICIPA-
TION BY THE UNITED STATES IN THE UNITED NATIONS RELIEF
AND REHABILITATION ADMINISTRATION

JUNE 2, 1944.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. CANNON of Missouri, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H. R. 4937]

The Committee on Appropriations submits the following report in explanation of the bill entitled "A bill making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes."

SCOPE OF THE BILL

The funds carried in the bill are necessary for the continuance of the foreign economic operations of this Government, responsibility for which is now centralized in the Foreign Economic Administration. They are needed to procure lend-lease supplies and services to enable the other United Nations to carry out most effectively their part of the war effort and also to procure supplies and services as the United States contribution to United Nations Relief and Rehabilitation Administration, the international agency which has been formed to relieve the suffering of the peoples liberated from enemy control. In addition to the funds for supplies and services, administrative

sums carried are for the lend-lease and United Nations Relief and Rehabilitation Administration programs and to enable the Foreign Economic Administration to undertake the economic warfare and analysis work which is aiding in the destruction of the enemy's economy, in procuring strategic and critical materials for war production, and in controlling the export of commodities which might otherwise fall into enemy hands or which must be conserved for our own war industries.

The bill is divided into three titles—

Title I, to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, as amended (Lend-Lease Act).

Title II, to carry out the provisions of an act to enable the United States to participate in the work of the United Nations Relief and Rehabilitation Administration, approved March 28, 1944.

Title III, to provide for the salaries and other administrative expenses of the Foreign Economic Administration, including the expenses of administration of the Export-Import Bank of Washington payable from funds of the bank.

APPROPRIATIONS AND ESTIMATES

The Budget estimates upon which the bill is based were transmitted by the President in House Document No. 566 on May 3, 1944, and House Document No. 572, on May 8, 1944. The aggregate of the Budget estimates, the amounts recommended by the committee, the amount of the 1944 appropriations, and the comparison of the bill with the Budget estimates and the current appropriations, are as follows:

Purpose	Amount of 1944 appropriations	Budget estimates for 1945	Recommended in the bill for 1945	Increase (+) or decrease (—), bill compared with 1944 funds	Increase (+) or decrease (—), bill compared with Budget estimates
Title I—Defense aid (lend-lease).....	¹ \$6, 273, 629, 000	² \$3, 450, 570, 000	² \$3, 450, 570, 000	—\$2, 823, 059, 000	-----
Title II—United Nations Relief and Rehabilitation Administration, United States participation in.....		³ 450, 000, 000	³ 450, 000, 000	+450, 000, 000	-----
Title III—Foreign Economic Administration:					
Salaries and expenses.....	46, 614, 020	20, 881, 000	19, 500, 000	—27, 114, 020	—\$1, 381, 000
Export-Import Bank of Washington.....	⁴ (308, 600)	⁴ (357, 200)	⁴ (325, 000)	+ (16, 400)	— (32, 200)
Total.....	6, 320, 243, 020	3, 921, 451, 000	3, 920, 070, 000	—2, 400, 173, 020	—1, 381, 000

¹ Plus use of \$3,879,225,000 of unobligated balances existing on June 30, 1943.

² Plus use of \$3,650,024,000 of unobligated balances estimated to exist on June 30, 1944, and \$88,299,000 received under sec. 6 (b) of the Lend-Lease Act.

³ Plus use of not to exceed \$350,000,000 of funds appropriated for lend-lease contingent upon their not being needed for lend-lease purposes.

⁴ Payable from funds of the banking corporation.

The foregoing table shows the following data with respect to new appropriations and the use of unobligated balances carried forward:

1944 funds:

Divided—

New appropriations.....	\$6, 320, 243, 020
Unobligated balances forwarded.....	3, 879, 225, 000

Total.....	10, 199, 468, 020
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1945 Budget estimates:

Divided—

New appropriations.....	3, 921, 451, 000
Unobligated balances and special receipts.....	3, 738, 323, 000

Total.....	7, 659, 774, 000
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Committee recommendation for 1945:

Divided—

New appropriations.....	3, 920, 070, 000
Unobligated balances and special receipts.....	3, 738, 323, 000

Total.....	7, 658, 393, 000
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Committee recommendations under 1944 funds:

Divided—

New appropriations.....	—2, 400, 173, 020
Unobligated balances and special receipts.....	—140, 902, 000

Total.....	—2, 541, 075, 020
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Committee recommendation under 1945 Budget estimates:

New appropriations.....	—1, 381, 000
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TITLE I—DEFENSE AID

APPROPRIATIONS AND ESTIMATES

The amount of new appropriation carried in the bill is \$3,450,570,000 for the fiscal year 1945. Unobligated lend-lease funds from previous appropriations to the President are estimated to be \$3,650,024,000 as of June 30, 1944. An additional \$88,299,000 has been received under sec. 6 (b) through operations of the Lend-Lease Act as of March 31, 1944. These sums are also made available for lend-lease purposes during fiscal year 1945, making a total availability of \$7,188,893,000. The amount of the new and direct appropriation, \$3,450,570,000, is comparable with the direct appropriation for the present fiscal year, \$6,273,629,000, and is a decrease of \$2,823,059,000. The total of funds to be available for obligation in fiscal 1945, \$7,188,893,000, is comparable with the amount estimated to be obligated in the current fiscal year, \$6,287,957,846, an increase in estimated obligations in fiscal 1945 over fiscal 1944 of \$900,935,154. Larger obligational requirements for the fiscal year 1945 are based upon the tempo of the war and the availability of shipping facilities. The sum of \$7,188,893,000 was determined after a calculation of the total amount of material that lend-lease countries need and that we could furnish, and then reducing that total by \$347,000,000 to accord with the present rate of obligation which is approximately \$550,000,000 per month, or at the rate of \$6,600,000,000 a year; the difference between this rate and the \$7,188,893,000 recommended to be available is represented by the \$566,000,000 of special guaranty and revolving funds which are not currently being obligated and are carried forward for 1945.

The carry-over balance from 1944 of \$3,650,024,000 arises from a number of causes. Approximately \$1,000,000,000 is accounted for by the cancelation of some military contracts, and from reductions, savings, and renegotiation involving funds directly granted to the President, \$566,000,000 is represented by guaranty and revolving funds reserved under previous appropriations which have not been expended, and the remainder is due to inability to get the articles in the quantities and at the times estimated.

The special funds which are appropriated, \$88,299,000, consist of those accruing under section 6 (b) of the Lend-Lease Act and are receipts from foreign governments in payment for certain lend-lease supplies furnished for cash, receipts from the sale of reverse lend-lease commodities which foreign governments have furnished us in addition to the aid they have furnished our armed forces under reverse lend-lease, and proceeds from the salvage of lend-lease cargoes on damaged vessels. A list of the amounts is found on page 27 of the hearings, the principal sum being \$62,275,979.04 of payments on account of French North and West Africa.

The amount in the bill does not include funds for ordnance and ordnance stores, aircraft, tanks, military vehicles, naval vessels, and other finished munitions, since transfer authorization for such items has been provided in appropriations made directly to the War and Navy Departments. There is no duplication between the lend-lease programs of the War and Navy Departments and the items included in the lend-lease program of the Foreign Economic Administration.

LEND-LEASE POLICY AND OPERATION

By the enactment of Public Law 304, approved May 17, 1944, Congress for the third time has given lend-lease its approval as an essential part of our machinery for waging war. The extension of the Lend-Lease Act was a necessity. The appropriation of adequate funds for effectuating the objectives of the act is equally essential. The materials and equipment which will be provided under this bill will enable the United Nations to fight with maximum effectiveness in our joint effort to defeat the enemy. Every implement of war that our allies make from the raw materials we send them and they man with their own fighting power adds further strength to the combined United Nations forces.

The committee regards the appropriations for lend-lease as a sound investment by the United States in a United Nations victory. Military events since the passage of the Lend-Lease Act have demonstrated again and again that through the lend-lease and mutual aid programs of the United Nations the military power of the United States and its allies has been greatly augmented.

The American forces participating in combined operations with our allies have also been strengthened by the more than \$2,000,000,000 worth of supplies and services which we have received as reverse lend-lease. The decisive battles of the war are still ahead and the greater our combined striking power, the more assurance there will be that the war will be brought to a speedy and successful conclusion.

The total amount of lend-lease aid which has been furnished from the time of the passage of the Lend-Lease Act on March 11, 1941, to March 31, 1944, is \$24,225,000,000. In addition, \$591,000,000 of sup-

plies have been consigned to United States commanding generals in the field for subsequent transfer to lend-lease countries. This is the total of aid furnished under the Lend-Lease Act by all Government agencies to all lend-lease countries. It includes all aid procured out of the \$24,683,629,000 previously appropriated to the President for lend-lease purposes; all aid procured from appropriations made to the War and Navy Departments under transfer authorizations written into appropriation acts for these agencies by the Congress (with a top limit of \$35,970,000,000); and all aid under additional congressional authority to the Navy Department and the Maritime Commission to lease ships for the duration of the emergency.

Lend-lease aid totaled \$1,244,000,000 in the year 1941, \$7,009,-000,000 in the year 1942, \$11,733,000,000 in the year 1943, and \$4,239,000,000 in the first 3 months of 1944. As of March 31, 1944, about 97 percent of lend-lease aid had gone to the Soviet Union, the British Commonwealth, and China. More than half of lend-lease aid has consisted of planes, tanks, guns, and other finished munitions, and the ratio of munitions to total aid has been increasing. The balance of lend-lease aid has been in the form of materials and equipment for the production in allied countries of munitions and other war supplies, petroleum products for the allied armed forces and war factories, foodstuffs for allied armed forces and war workers, and services to our allies such as shipping, ship repairs, and the construction of industrial facilities in the United States to produce lend-lease goods.

The committee held extensive hearings on the lend-lease appropriation. Testimony was heard from the Foreign Economic Administrator, Leo T. Crowley; the general counsel for the Foreign Economic Administration, Oscar S. Cox; the Chairman of the Maritime Commission and the Administrator of the War Shipping Administration, Admiral Emory S. Land; the Director of the Procurement Division of the Treasury Department, Clifton E. Mack; the Director of the Planning Division of the Joint Army-Navy Petroleum Board, Brig. Gen. Walter E. Pyron; Capt. H. M. Shaffer (Supply Corps), United States Navy, officer in charge, Fuels Division, Bureau of Supplies and Accounts; the general counsel for the Petroleum Administration for War, J. Howard Marshall; the Director of the Food Distribution Administration of the War Food Administration, M. Lee Marshall; the Deputy Director of the Food Distribution Administration, Lt. Col. R. W. Olmstead; the Chief of Supply Services of the office of the Surgeon General of the War Department, Col. Edward Reynolds. and others.

Full and detailed information was presented to the committee by the Foreign Economic Administration and representatives of other agencies concerning each of the items of supply, service, or information for which requirements were included in the lend-lease program for the fiscal year 1945. Requirements were presented with respect to each item in terms of dollar amount and unit, or tonnage for each lend-lease country. Information was supplied as to the need of the lend-lease countries for each item and the availability of the item from sources other than the United States.

A detailed explanation was given by the Foreign Economic Administration regarding the safeguards adopted to protect the interests of the United States and to make the most effective war use of available

supplies in the preparation of the program requirements. These requirements have been based upon a careful review of the minimum needs of the lend-lease countries by the Foreign Economic Administration, and by numerous other interested agencies of the Government, in the light of their specialized functions of supply, allocation, or procurement. United States representatives stationed abroad have at their command current detailed information on the conditions of supply and consumption and vital war needs in the various foreign areas and their review of these requirements provides an indispensable and on-the-spot check. These reviews insure that the needs of our own armed forces and civilian population will not be lost sight of in our effort to supply our allies with the war supplies they need for the waging of the war.

The impact of proposed lend-lease shipments during the fiscal year 1945 upon United States supply was indicated to the committee in terms of the percentage of the United States supply represented by the estimated requirements for each item for that period. The prospective impact for the fiscal year 1945 was compared with similar impact figures for the calendar year 1943. In most cases the items provided constituted only a small part of our production: but they represented in many cases the difference between a relatively ineffectual and an all-out utilization of the material, production, and manpower resources of our allies in destroying the enemy.

Special attention has been given by the committee to lend-lease inventories. The committee found that lend-lease inventories are at a level constituting on the average about 2 to 3 months of lend-lease shipments at the current rate. These stocks are deemed to be no larger than are necessary for a safe margin and for the efficient utilization of shipping space.

The Budget estimates include funds sufficient only to maintain obligations at approximately the current rate. The need for continuance of lend-lease aid at any given rate depends upon the strategy and progress of the war. At this stage of the war the United States must provide for continuing full-scale war demands. No matter what date in the future may be speculated on as a cessation of hostilities, our enemies are still fighting and giving evidence of continuing to do so. This committee was faced with a similar prospective situation in World War I. In the early fall of 1918 many people thought that Germany must soon surrender. A war appropriation bill carrying approximately \$6,300,000,000 was under consideration. Congress proceeded with its enactment and it was approved by the President on November 4, 1918, and the armistice was signed on November 11, 1918. There was no choice then except to maintain full preparation and there is none now.

GENERAL CLASSIFICATION OF FUNDS

The following is a summary, by nations and amounts, of the general classification of items of equipment and supplies (printed in more detail commencing on p. 59 of the hearings), and a general summary of other items which are not classified according to nations:

Union of Soviet Socialist Republics.....	\$2, 432, 596, 800
British Empire:	
United Kingdom.....	\$3, 432, 475, 450
Australia.....	240, 365, 600
New Zealand.....	39, 677, 509
India.....	70, 641, 517
South Africa.....	808, 000
Colonies.....	11, 560, 696
Undistributed.....	247, 894, 000
French North Africa.....	4, 043, 422, 772
China.....	176, 578, 543
French colonies.....	149, 611, 589
Middle East.....	20, 643, 935
Greece.....	10, 338, 237
Netherlands.....	15, 617, 690
Poland.....	840, 000
Yugoslavia.....	4, 700, 000
South America.....	12, 700, 000
Turkey.....	32, 500, 000
Undistributed.....	2, 426, 790
Total.....	4, 769, 000
Total.....	
Reduction to accord with current basis of incurring obligations on the over-all program.....	6, 906, 745, 000
Total.....	- 347, 000, 000
Portion of services and expenses not distributed according to recipient nations:	
Special commitments and revolving funds.....	6, 559, 745, 000
Expenses of administration and procurements.....	
Other services and expenses.....	\$566, 000, 000
	14, 158, 000
	48, 990, 000
	+ 629, 148, 000
Grand total.....	
	7, 188, 893, 000

The foregoing sum of \$7,188,893,000 includes approximately \$560,-000,000 of petroleum supplies which are for the use of our own armed forces abroad and \$566,000,000 of special commitments and revolving funds which represent guaranty funds held in reserve and reappropriated, a total for the two of \$1,126,000,000, leaving for instant procurements and services for other nations a total of \$6,062,893,000.

The distribution of the total of \$7,188,893,000 by general classes of supplies and services is as follows:

Foodstuffs and other agricultural products and supplies.....	\$2, 695, 966, 220
Industrial materials and products, automotive and other vehicles and spare parts, and other products procured by Treasury Department.....	1, 909, 788, 656
Ocean transportation, charter hire of vessels, ship repairs, etc....	1, 162, 910, 000
Petroleum and petroleum products.....	1, 121, 811, 480
Drugs and health supplies.....	16, 269, 000
Inland transportation and storage for industrial commodities.....	25, 000, 000
Special commitments, revolving funds, and guaranty funds.....	566, 000, 000
Miscellaneous, including training of Chinese nationals, transfer of scientific equipment, special construction, marine litigation, etc.....	23, 990, 000
Administrative expenses and expenses of procurement.....	14, 158, 000
Total.....	7, 535, 893, 000
Deduct amount to accord with present basis of incurring obliga- tions on the over-all program.....	- 347, 000, 000
Net amount recommended.....	7, 188, 893, 000

The discussion of amounts for different classifications of lend-lease supplies and services follows the preceding summary list rather than the classification by categories found in the bill.

Foodstuffs and other agricultural products and supplies.—The largest single amount in the lend-lease budget is \$2,695,966,220 for foodstuffs and other agricultural products and supplies. The following statement with respect to the food items in this budget is quoted from the testimony of M. Lee Marshall, Director of Distribution, War Food Administration:

We estimate that during the fiscal year 1944 the War Food Administration will have shipped approximately 4,995,000 long tons of agricultural commodities to lend-lease claimants at an estimated dollar value of \$2,300,000,000. The lend-lease budget for the fiscal year 1945 prepared by the Foreign Economic Administration provides for the shipment of 6,033,000 tons of agricultural commodities at an estimated cost of \$2,695,000,000. The War Food Administration recommends the approval of this program. It is our view that a well-balanced lend-lease food program is one of the important factors in a successful war food program. The continuation of food shipments under lend-lease at the estimated rate will not substantially impair supplies for our civilians or our armed forces. Through a system of food requirements and allocations, which has been functioning for over a year, we are able today, more than ever before, to determine the specific and real need of lend-lease claimants and to so control shipments that our own requirements are fully protected.

The very small share of our total food supplies shipped under lend-lease looms extremely large in the total supplies of the nations which receive the food. In fact, to these countries these supplies represent the difference between a minimum diet on which they can exist, and sufficient food to enable them to produce and to fight efficiently.

For example: The 2 percent of our total dairy products shipped to the United Kingdom in 1943 made up 14 percent of their total dairy supplies; shipments to the United Kingdom of dried eggs under lend-lease amounting to 54 percent of their total egg supply were made without noticeable impact upon our own egg consumption; 10 percent of our total edible fats and oils sent to them constituted 63 percent of their total supply; 6 percent of our fruits measured 30 percent; and the 5 percent of our pork products shipped to the United Kingdom constituted 90 percent of the United Kingdom's total.

A considerably larger portion of our total lend-lease shipments will go to Russia this year than last. This year each of these two nations is scheduled to receive from 3½ to 4 percent of our total available supplies. Food to Russia goes straight and almost exclusively to the fighting Soviet Army. So important are these foods to them that they often receive higher shipping priorities than weapons and other military items.

Food production in the United States is running about 128 percent of the production of 1939. The United States is furnishing to our own armed services here and overseas and supplying for lend-lease purposes a total of 25 percent of our present production, which leaves a margin above our total pre-war production for the civilians of the United States.

The committee inquired into the food conditions in lend-lease countries and invites special attention to a discussion and report on the food situation in the United Kingdom and Russia, pages 156 to 173 of the hearings.

The information presented by all witnesses was that the Soviet Union's supply of food is still very short and very severely rationed.

Mr. Averell Harriman, Ambassador to Russia, submitted a statement to the committee on this matter which reads in part as follows:

It has been estimated that food rations of Soviet war workers are on the average only two-thirds of what we in the United States would consider the minimum essential for good health. White-collar and professional people receive even less, while adults not contributing to the war effort often receive only a small bread ration.

Lend-lease shipments of 2,600,000 tons of food to the Soviet Union, while accounting for only a small part of the Soviet Union's total food supply, are an important part of certain most valuable types of food and have been of vital assistance to the Soviet Union in maintaining the balanced rations of the Red Army.

The Ukraine, the Soviet Union's richest agricultural region, has just been liberated after almost 3 years of German occupation. While the speed of the German withdrawal limited the damage, the retreating Germans attempted to destroy what they could not take away. Several years of intensive effort lie ahead before the Ukraine and other liberated areas can be restored to full food production. This will be particularly slow in respect to animal products.

In the meantime I believe that it is now more essential than ever—with the climactic offensives of the war in Europe impending—that lend-lease food shipments for the Soviet Army and workers continue. We should also continue to send seeds and other supplies to assist the Soviet Union to restore food production in the devastated areas as rapidly as possible.

As for food conditions in the United Kingdom the testimony of the witnesses was likewise unanimous that lend-lease shipments of foodstuffs to the United Kingdom were necessary to maintain an effective British war effort. Lend-lease food constitutes the difference between a bare existence diet and sufficient food to enable the British people to produce and fight efficiently. The study of the Combined Food Board indicates that the people of the United Kingdom, even with lend-lease supplies, are able to obtain considerably less to eat than the people of the United States in essential items such as meats, milk and milk products, poultry and fish, eggs, oils and fats, tomatoes, citrus and other fruits.

Lend-lease foodstuffs comprise about 10 percent of the United Kingdom's total food supplies and supplement the deficiencies in the British diet, especially in proteins, fats, and vitamins. The general food situation in the United Kingdom represents a diet which is roughly 80 percent of the diet of the United States based on rations that were in effect at the end of last year. An example of the difference in food consumption in the United States and in the United Kingdom is found in the item of meat. The per capita consumption of meat in the United States increased 5 percent in 1943 as compared to the pre-war per capita consumption while in the United Kingdom the per capita consumption in 1943 decreased 21 percent compared to the pre-war per capita.

Industrial materials and products, automotive and other vehicles and spare parts, and other products procured by the Treasury Department.—The amount of this classification is \$1,909,788,656. Iron and steel, copper and brass, aluminum, ferroalloys, and other metals, in fabricated and semifabricated form, constitute over half the requirements for industrial materials. With these metals, the Soviet Union, the United Kingdom, India, Australia, and our other allies will be enabled to produce tanks, planes, guns, ammunition, and other war supplies vitally needed for the combined United Nations' operations.

Industrial machinery and equipment are also required for the most effective utilization of our allies' war-production facilities. The United Kingdom, like the United States, is now tooled up at almost top war-production capacity and is currently paying cash for virtually all capital equipment purchased in the United States. Russia, on the other hand, has recaptured from the Nazis large industrial areas containing damaged war factories of great potential production. With the help of lend-lease machine tools and electrical and other equipment, some of these factories can be repaired to turn out munitions

for use on the eastern front. Large quantities of industrial alcohol and other chemicals are required for the manufacture of synthetic rubber, explosives, and other war products in Soviet war plants. For the purpose of helping the Red Army maintain its extended lines of communication and supply, road-building and communications equipment are especially vital. If the course of the war shall make such a development desirable, other liberated areas will be similarly aided by lend-lease to mobilize their men and their resources for the final battles of the war.

United States timber is needed in the United Kingdom for the construction of airplanes, such as the Mosquito bomber, ships, barges, bridges, ammunition boxes, and other war products which will be used in the offensives against Germany. United States wood pulp and paper products are also essential to supplement the supplies which the United Kingdom obtains from Canada and uses for maps and charts, photography, wrapping, and other war purposes.

The bulk of Britain's and Russia's requirements for combat tires and tubes is produced by their own war industries. Nevertheless, large quantities of tires and tubes are required from the United States for replacements for military equipment. Since tire-making facilities are currently the limiting factor on tire production in the United States, shipments of synthetic rubber in bulk to the United Kingdom supplement their limited crude rubber supply and enable them fully to utilize their tire manufacturing capacity.

Provision is made for trucks, automotive replacement parts, motorcycles, and bicycles. China is the principal country for which these transport supplies are programmed. Mechanized transport is one of China's most critical needs. Lend-lease motorcycles are used for highway patrol and bicycles fill a real need in the transportation of personnel and supplies in the absence of other forms of transportation. Trucks are also programmed for Australia, New Zealand, French North Africa, and other territories where the requisitioning of transport facilities by the military, war damage, and the heavy volume of war supplies have made internal transport one of the most urgent problems in the prosecution of the war.

Funds are carried for a relatively small amount of agricultural machinery, principally for the United Kingdom, Australia, New Zealand, and north Africa. The more food that can be produced locally in these areas the less the drain on our own food supply and the less the strain on our shipping facilities. With the assistance of lend-lease farm machinery and fertilizers, these countries have been able to undertake and maintain expanded food programs for the supply of soldiers of the United States and other United Nations as well as their own soldiers and civilian populations. The committee was informed that the British are providing one-fifth of the food requirements of the large contingents of United States troops stationed in the United Kingdom and that Australia and New Zealand provide almost all of the food of United States forces in the South and Southwest Pacific.

Vessels, ocean transportation, servicing and repair of ships.—The total amount carried is \$1,162,910,000. This is divided into two sums, \$1,033,310,000 and \$129,600,000. The \$1,033,310,000 is primarily for the rental and charter of vessels to the Soviet Union, the United Kingdom, and other parts of the British Empire. These vessels will

be required to maintain the constant flow of supplies to our allies for the coming offensives. Funds are also provided for the furnishing of supplies and provisions to Russian and British vessels in the United States ports. The \$129,600,000 is included for the repair of such vessels. Under reverse lend-lease, hundreds of American ships have been similarly serviced and repaired in British and Russian ports.

Petroleum products.—The amount for petroleum products is \$1,-121,811,000. Aviation and motor gasoline and Diesel and fuel oils are the lifeblood of modern mechanized warfare. Petroleum products for the Soviet Union, the United Kingdom, and our other allies constitute the largest single item for which funds are provided. Three-fourths of the total consist of aviation and motor gasoline. The great bulk of the products is for direct military use. A relatively small quantity is provided for use in essential war industries.

The committee was informed that about one-half of the petroleum products included in this amount would be turned over for the use of our own armed forces overseas. On this basis, the use of lend-lease petroleum products by our allies would account for less than 6 percent of United States production during the fiscal year 1945, far less than the proportion of pre-war commercial exports to our production.

Petroleum products lend-leased to the United Kingdom go into a petroleum pool along with large quantities of products obtained by the United Kingdom from British-controlled sources in the Western Hemisphere. The petroleum products used by the United States Army ground and air forces for operations based in the United Kingdom are supplied from this pool. This arrangement has great practical advantages. Under the present pooling arrangement, which has been in effect since the beginning of our combined operations in that theater, the United Kingdom maintains the pool and bears the storage, transportation, and other handling charges without payment by the United States armed forces. Detailed records are kept of all deliveries of lend-lease petroleum products into the pool and of all deliveries to United States armed forces from the pool. The out-of-pocket expenditures of the United Kingdom for handling the products which are delivered to United States armed forces are carried as a reverse lend-lease credit. All petroleum products which the United States armed forces are receiving from British-controlled refineries throughout the world are being furnished by the British under reverse lend-lease.

Drug and health supplies.—The sum of \$16,269,000 is for essential civilian needs principally in the United Kingdom, China, and French territories. These supplies are vitally needed to prevent the spread of epidemics and to treat injured civilians in areas which are important bases of military operations and supply. Drug and health supplies for military requirements are supplied from appropriations made directly to the War Department.

Special commitments, revolving funds, and guaranty funds.—The total of \$566,000,000 consists of the carrying forward of unexpended, reserved balances from previous appropriations as precautionary and contingency items. The amount of \$500,000,000 of this fund was set up in 1942 as the lend-lease portion of the food purchase program to protect the producers of the accelerated program in case the program failed to materialize or was curtailed or reduced while the farmers were still producing. Congress has also enacted a law that requires

the support of commodities at 90 percent of parity for 2 years after the war. No part of the \$500,000,000 has been expended and the full balance is carried forward in accordance with its original intent.

The sum of \$25,000,000 of the previous appropriations is continued as a revolving fund in connection with Caribbean purchases. This amount was set up in 1942 to insure a supply of food in the islands in the Caribbean, mainly, Puerto Rico, Virgin Islands, Jamaica, Cuba, Dominican Republic, Haiti, and the leeward and windward islands. A serious food shortage threatened these areas because of lack of shipping facilities and supply. The operation has handled something over \$100,000,000 worth of food, all of which has been sold commercially and the proceeds returned to the fund. It is intact and the need for its operation has not completely passed.

An unexpended balance of \$35,000,000 is also carried forward to indemnify the War Department for losses incurred as a result of guaranties made by it in connection with V-loans to manufacturers or processors engaged in lend-lease production, and \$6,000,000 is carried forward as an unexpended balance for the salmon fishing indemnity reserve. This is a cooperative effort of the War Department and Lend-Lease, each contributing a like amount. The \$12,000,000 is a guaranty fund on the part of the Government to underwrite actual losses on the part of the fishing industry for out-of-pocket costs resulting from losses due to war conditions. The fund is intact except for \$122,600.73. It was established and is continued as an essential measure of insuring maximum production of salmon.

Miscellaneous amounts.—The classification of \$23,990,000 includes amounts of \$8,665,000 for port facilities; \$4,800,000 for training in this country of 1,200 Chinese nationals—300 scientists and medical students, 700 technicians, and 200 communications experts—all of whom have had previous training in China and are to receive further intensive training in American methods—a continuance of a project commenced in this fiscal year; \$5,000,000 for the transfer of scientific equipment developed by the Office of Scientific Research and Development; \$3,000,000 for settlement of marine litigation—a procedural agreement whereby the United States settles claims for damages incurred by ships of the United Kingdom in United States waters and the United Kingdom reciprocates with respect to United States ships in her waters; \$1,500,000 for the general average contribution for the adjustment of maritime losses; and \$1,000,000 for the transfer of defense information for use in connection with Chinese arsenals and the manufacture of munitions in China.

Administrative and procurement expenses.—The total of \$14,158,000 consists of \$7,558,000 for the Department of Agriculture in connection with the food and other agricultural commodity procurements and \$6,600,000 for the Procurement Division of the Treasury Department for handling the equipment and supplies procured by that agency. In each case they represent less than 1 percent of the total cost of the the procurements. The administrative expenses of the Foreign Economic Administration in carrying out the lend-lease program are provided for in title III, since these operations are an integral part of the over-all activities of the Administration.

TITLE II.—UNITED STATES PARTICIPATION IN THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Public Law 267, approved March 28, 1944, provides for the participation of the United States in the work of the United Nations Relief and Rehabilitation Administration and authorizes appropriations for this purpose up to a total of \$1,350,000,000. The full amount of this authorization is not requested at this time. The entire pledged contribution of the United States to the United Nations Relief and Rehabilitation Administration represents less than a total of 5 days of our war expenditures at the current rate.

The amount allowed is a direct appropriation of \$450,000,000, together with the authority to transfer funds, goods, and services provided under the Lend-Lease Act in the additional amount of \$350,000,000. The use of \$350,000,000 of lend-lease funds is based upon the close relationship between entire or partial cessation of hostilities and the commencement of relief operations by the United Nations Relief and Rehabilitation Administration. Lend-lease funds and supplies are a part of the military operation and must be confined to activities in that connection. Cessation of hostilities, or the liberation of large areas, presumably will relieve lend-lease supplies and funds in some degree from war burden but will accelerate the job of the United Nations Relief and Rehabilitation Administration. It seems logical, therefore, to the committee to provide the \$350,000,000 from lend lease funds and supplies and thus take advantage of what we will already have when the United Nations Relief and Rehabilitation Administration needs it. The committee has inserted a provision in this connection which is referred to later in this report.

The policy of participation of the United States as a member of the United Nations Relief and Rehabilitation Administration has been declared by the signing of the United Nations Relief and Rehabilitation Administration agreement and by the enactment of Public Law 267. As the enemy is driven from the countries he has invaded and oppressed, it will be necessary to deal with the gigantic task of relief for the liberated peoples. Those who are freed from enemy tyranny cannot be abandoned by the United Nations to face starvation, disease, and ruin. They must be helped to the point where they have the strength to help themselves and to join as self-supporting nations in winning the war and in laying the groundwork for a secure peace. The United Nations have found by combining their resources and their manpower that they have been able to turn the tide of war and they have joined their resources again, in the United Nations Relief and Rehabilitation Administration, to meet the urgent tasks of relief.

It is difficult to visualize the great loss of life, loss of health, loss of property, sorrow, distress, and the breaking of homes that have been visited upon the civilians of the occupied countries. There has been nothing like it in scale in late world history and nothing previously could possibly exceed it in brutality, bestiality, and wanton disregard by man for the life and rights of his helpless fellow man. A reading of Administrator Crowley's opening statement on page 281 of the hearings will give a general idea of the immediate task of relief that will confront the world. The part which deals with human suffering is heart-rending. Old men, women, and children have been driven

from their homes and made virtual vagrants, their belongings destroyed or confiscated, and their able-bodied men placed in enforced labor as industrial slaves or confined in prison camps. Food has been confiscated, animals slaughtered or driven off, homes destroyed or wrecked, factories, railroads, roads, and public utilities decimated. Far worse than the destruction of property and the enforced migration of peoples is the crushing blight that has been visited upon the future of Europe by the looting of foodstuffs from occupied countries to feed the Germany Army and German civilians. The diet left to those who will soon, we pray, be liberated has been on the starvation side leaving the people, particularly the children, easy prey to tuberculosis, typhus, and other ravaging diseases that thrive on lowered physical resistance. The infant mortality rate generally has doubled and in Greece it is estimated that 9 out of every 10 new-born infants do not survive. The tuberculosis rate has increased tremendously. Surgeon General Parran of the United States Public Health Service recently said this about war and tuberculosis:

Long wars accompanied by privation always have resulted in appalling increases in tuberculosis. In past centuries, this fact was masked by the immediate catastrophe of acute epidemics. It remained for the World War of 1914-18 to reveal tuberculosis as a major war problem. By 1917, the French Army had returned 150,000 tuberculous soldiers to civilian life. Thousands of exchanged prisoners of war had acquired the disease and were returning to France. All European nations, both neutral and combatant, experienced a rise in tuberculosis mortality varying from 10 to 200 percent. Col. Esmond Long has recently made the conservative estimate that tuberculosis mortality rose 15 percent in all Europe for 3 years "which would credit the war with about 200,000 tuberculosis deaths."

History has repeated itself tragically in this war, and with a ferocity inspired by the policy of the Germans to exterminate large groups in the conquered nations by slow death. It is known that tuberculosis is raging with epidemic force in conquered Europe today. In France, Prof. Andre Mayer has reported that tuberculosis is epidemic, and that because of food shortages, a diagnosis of tuberculosis is almost a death sentence. Bigwood has reported a comparable situation in Belgium. Even Great Britain has experienced a 13-percent increase in tuberculosis mortality since the war began.

The committee held extensive hearings and received testimony from Maj. Gen. Lucius D. Clay, Director of Matériel, Army Service Forces; Dean G. Acheson, the Assistant Secretary of State; Leo T. Crowley, Administrator, Oscar S. Cox, General Counsel, and Harold Stein, Chief, Planning and Control Staff, Liberated Areas Division, Foreign Economic Administration. A joint hearing was held by the Deficiency and Military Subcommittees of this committee, in order to obtain a full picture of the relationship between the activities of the Army with respect to the relief of civilian populations behind its lines during the period of military responsibility and the activities of United Nations Relief and Rehabilitation Administration in liberated areas. At this joint meeting witnesses for the Army explained its need for funds for civilian relief supplies in connection with its military operations and a joint statement was presented on behalf of the Army, the Department of State, and the Foreign Economic Administration explaining the respective responsibilities of the Army, United Nations Relief and Rehabilitation Administration, and Foreign Economic Administration with regard to civilian relief in the period immediately following liberation. Mr. Acheson and Mr. Crowley testified concerning the role of the United Nations Relief and Rehabilitation Administration after the period of military responsibility for relief,

its sphere of activity and functions, and its relationship to the military authorities and the local governments of the liberated areas. Mr. Crowley presented a statement with respect to the needs of the United Nations Relief and Rehabilitation Administration and the bases of the budget estimate, and the committee made a thorough examination of the data submitted in support of the proposed expenditures for United Nations Relief and Rehabilitation Administration.

The financial plan recommended by the first session of the United Nations Relief and Rehabilitation Administration Council was that each member nation whose territory has not been occupied by the enemy should contribute 1 percent of its national income as computed for the year ended June 30, 1943. Iceland and the United Kingdom have already acted on this recommendation; the United Kingdom making its full contribution of \$320,000,000 and Iceland making a partial contribution of \$50,000. The Dominion of Canada is now engaged in appropriating about \$90,000,000, which is an amount equivalent to 1 percent of its national income. A large number of other countries are expected to act soon in making their appropriations.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION'S RESPONSIBILITIES

The primary job of United Nations Relief and Rehabilitation Administration will be to take care of the immediate relief needs of the liberated populations after the areas are recovered by the Allied armies and restored to some measure of civilian control. The objective of the United Nations Relief and Rehabilitation Administration will not be to reconstruct those areas in any long-range sense, but simply to perform the immediate job of meeting the essential requirements for food and clothing, medical supplies, shelter, and for the tools and equipment needed to enable them to meet their own immediate essential needs by their own efforts.

From the standpoint of operations the United Nations Relief and Rehabilitation Administration will have three tasks: (1) To care for the millions of displaced persons; (2) to provide public health and medical services; and (3) to provide and distribute the essential supplies required to sustain life and to enable the liberated peoples to restore their own production. The present problem of displaced persons is something which has not been equaled before in recorded history. In Europe there are some 20,000,000 people, including three to four million children, who, as a result of the war, have been driven from their homes, and there are probably 40,000,000 more displaced persons in Asia. The United Nations Relief and Rehabilitation Administration must find out who they are, where they came from, and to what areas they must be returned. The United Nations Relief and Rehabilitation Administration must arrange for their registration and necessary care while they are in the temporary camps which must be set up.

In the field of health, the United Nations Relief and Rehabilitation Administration will supply the services of doctors and others needed to combat the epidemics which are even now threatening Europe, and will also attempt to reorganize the local medical and public health services and provide them with necessary supplies.

PAYING GOVERNMENTS

Certain of the invaded countries possess foreign exchange assets that they can utilize to purchase relief supplies. The United Nations Relief and Rehabilitation Administration will not extend financial aid for such purchases as these countries can pay for. It is estimated that at least 50 percent of all the supplies that will be imported into the liberated areas will have to be paid for by the local governments with the foreign exchange assets they possess.

The so-called paying countries will be responsible for procurement for their own needs, insofar as they have available financial resources, although their programs will be submitted in advance to the United Nations Relief and Rehabilitation Administration, which will consider them in the light of all the demands of the liberated areas for civilian supplies. This procedure will avoid the possibility that countries with substantial assets might seek to secure more than their fair share of the available supplies.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION'S
OPERATIONS AND THE MILITARY RESPONSIBILITY FOR CIVILIAN
RELIEF

The United Nations Relief and Rehabilitation Administration will not go into any area which is a scene of military operations until it is requested to do so by military authorities. While the supply lines and all forms of transportation facilities are completely taken up with the movement of military stores and subject to strict military control, it will be impracticable for a civilian organization to carry on relief operations, and during this period of military control, the armies of the United Nations will be responsible for supplying the minimum of civilian goods necessary to maintain an orderly civilian life behind their lines and to fulfill their obligations under international law.

It is contemplated that the War Department (and the Foreign Economic Administration through lend-lease in areas where substantial numbers of United States forces are not engaging the enemy) will provide, as an integral part of our war program, this country's share of such minimum of vital civilian supplies as are needed to maintain the peoples of the liberated areas during this military phase, in addition to such lend-lease aid as may be required to increase and strengthen the war potential of the liberated peoples while they aid in the fighting of the war. The length of the military period will undoubtedly vary from place to place, depending upon the course of the war, and a collapse in any particular area may make it possible for the United Nations Relief and Rehabilitation Administration to assume relief responsibility very quickly.

United Nations Relief and Rehabilitation Administration's operations will follow the military phase. The United Nations Relief and Rehabilitation Administration will not go into the liberated areas as a government, nor assume any political or administrative control of the liberated areas. It will be a service organization solely. Local administration will be conducted either by the occupying army or by the reestablished local government, and the United Nations Relief and Rehabilitation Administration will operate only with their consent.

United Nations Relief and Rehabilitation Administration's operations will differ considerably in scope and degree from the civilian supply operations of the Army. The primary objective of the latter is limited to considerations of military necessity and the obligations of international law in avoiding starvation, disease, and civil disorder behind the lines. The Army contemplates providing a minimum ration of food if the local production is insufficient, a very limited ration of clothing, necessary medical supplies, a small quantity of equipment for transportation purposes and for the repair of utilities in the larger cities, and some other essential civilian supplies.

Army civilian supply operations over a brief period will not solve the problem created by the enemy. After the initial army control period, United Nations Relief and Rehabilitation Administration must continue to provide food and it will have to continue to make up the deficiency in clothing and medical supplies, and to rehabilitate the health and medical services of the country. The United Nations Relief and Rehabilitation Administration must bring in the necessary fertilizer, tools, and seeds to restore agricultural production; the necessary equipment and materials for processing and storing food; and the necessary repair supplies for public utilities and plants which produce the necessities of life, such as processed foods and clothing.

The United Nations Relief and Rehabilitation Administration expects to receive local currency for the bulk of the goods which it provides to liberated areas. These receipts will be used to pay local costs of United Nations Relief and Rehabilitation Administration operations and to purchase locally any supplies that might be used in other liberated areas; they will not be returned to the contributing countries.

The Budget estimates for the military appropriation bill, 1945, contain a total of \$562,000,000 for use by the Army in caring for civilians behind its lines during the period of military operations and before United Nations Relief and Rehabilitation Administration comes in. This will be used primarily in connection with the battles for the liberation of Europe. A similar procedure has been followed in Italy. To the date of the hearings a total of \$75,000,000 had been expended by the Army in Italy for food, clothing, and other absolute essentials for the civilians and it is estimated that this total will reach \$81,000,000 by coming June 30th. These supplies to date have been paid for in Italian currency and this currency used by our Army in making its disbursements in Italy. The supplies are sold through commercial channels and the amount recouped. Assistant Secretary of State Acheson estimated that of the \$562,000,000, at least one-half would be paid for locally. The French have already paid back \$62,000,000 on a total obligation to repay \$100,000,000 of lend-lease supplies that have been furnished for the civilian populations in Africa. There is an estimated essential needs total of \$100,000,000 of supplies that may be lend-leased to our fighting allies in areas where substantial numbers of United States forces are not engaged, to furnish temporary relief to liberated civilians behind their lines pending the time the area can be turned over to United Nations Relief and Rehabilitation Administration. There is also in this bill a total amount of \$33,017,690 comprising funds principally for aid to Greece through the Red Cross and for prisoners of war from Poland and Yugoslavia.

Lend-lease goods from the United States whenever practicable are marked in such fashion that the recipient knows they come from the United States. They bear the American flag and appropriate labels printed both in English and the local language. The policy and procedure for similar labeling of the United Nations Relief and Rehabilitation Administration supplies to be furnished as part of the United States' participation is now under way.

SUMMARY OF FIRST INSTALLMENT OF UNITED STATES CONTRIBUTION
TO THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

The amounts for the first installment of United Nations Relief and Rehabilitation Administration funds by the United States are based upon studies of preliminary requirements of the United Nations Relief and Rehabilitation Administration. These total \$997,000,000 consisting of \$450,000,000 for the preparatory period and \$547,000,000 for the period following the preparatory period. This latter amount has been reduced by \$197,000,000 to the \$350,000,000 of transfer authority from lend-lease funds, supplies, and services. The following table is a general summary of totals by categories of supplies and services:

Summary

	Estimates for preparatory period (direct ap- propriation)	Estimates after pre- paratory period (par- tially covered by transfer authority)	Total
Goods:			
Food.....	\$108,000,000	\$265,000,000	\$373,000,000
Food production and processing supplies.....	53,000,000	3,000,000	56,000,000
Clothing, textiles, and footwear.....	150,000,000	65,000,000	215,000,000
Health supplies and soap.....	8,000,000	61,000,000	69,000,000
Repair and operating supplies.....	100,000,000		100,000,000
Subtotal.....	419,000,000	394,000,000	813,000,000
Services:			
Administrative cost of procurement.....	2,000,000	2,000,000	4,000,000
Transportation costs.....	20,000,000	126,000,000	146,000,000
United Nations Relief and Rehabilitation Administration administrative expenses.....	4,000,000		4,000,000
Relief services.....	5,000,000	25,000,000	30,000,000
Total.....	450,000,000	547,000,000	997,000,000
Net funds recommended.....	450,000,000	350,000,000	800,000,000

It is evident from the testimony that the direct funds for the preparatory period are urgently needed now if supplies are to be procured in adequate amounts for use when the need occurs and that the funds for the following period should be available on a contingency basis to avoid undue delay and resultant hardship in the event military operations result in precipitate cessations of hostilities and place a suddenly heavy load on the United Nations Relief and Rehabilitation Administration.

Food.—The largest single item is \$373,000,000 for food. It will be needed because the Germans have reduced the consumption of food in the occupied countries in order to augment their own supplies. In

addition, food production has suffered during the war through the lack of necessary fertilizers, manpower, and farm equipment. A further problem that can be anticipated is that the Germans may carry away or destroy food stocks as they retreat. Moreover, military operations, which are destructive of transportation facilities, will create temporary shortages in the urban areas even when sufficient production exists. The types of food needed will include the necessary grains and legumes to provide subsistence and proteins in the form of cheese, canned meat, fish and milk products required to make up the serious and increasing protein deficiencies which, through weakening resistance, bring the threat of epidemics and disease to a great part of the population.

The amount is divided between \$108,000,000 in the preparatory period and \$265,000,000 in the succeeding period. The preparatory period includes those items which must be purchased as they come on the market; principally canned fish, salt pork, milk, and cheese. The second period includes those items which can be drawn from stock piles which are expected to be available at the time United Nations Relief and Rehabilitation Administration must come into operation. These items are principally grains, canned meat, and lard. Purchases of protein-rich dry beans, peas, and soy products are divided between the two periods on a basis which will provide United Nations Relief and Rehabilitation Administration with a sufficient quantity in the first period to begin operations, the balance of the buying to be done in the second period.

Food production and processing supplies.—The total included is \$56,000,000. In the field of agriculture, the United Nations Relief and Rehabilitation Administration must help to supply insecticides, fertilizers, veterinary materials, farm tools, and farm machinery. Unless supplies of these goods are provided promptly to meet the accumulated deficiencies of 4 years or more in occupied Europe, agricultural production will be retarded and the liberated areas will present a continuing relief problem in terms of food.

Supplies must also be provided to restore the fishing industry, an important source of much-needed protein foods, which has been particularly hard hit by the war. Mine fields, naval operations, and submarine warfare have immobilized much of Europe's fishing fleet, and its equipment will have to be repaired and refitted before it can resume full production. Food-processing equipment, including containers, packing materials, and canning materials for the transportation and distribution of vital crops, is another great need.

Food production and processing supplies constitute a major commodity item in meeting the food problem. A total of \$53,000,000 is requested for this category of supplies for the preparatory period, while the balance, \$3,000,000, is to be procured later. This category includes the veterinary materials, seeds, pesticides, fertilizer, binder twine, farm machinery, food-processing equipment, fishing supplies, containers, hand tools, and miscellaneous supplies for agricultural rehabilitation. The procurement of these commodities has been divided between the preparatory and post-preparatory periods on the basis of the length of time which is required to procure them.

Since most of these commodities are manufactured goods, the procurement period is substantial, covering 6 months or longer. Orders have to be placed with manufacturers and production has to be scheduled in advance. There are two exceptions. It is anticipated

that veterinary materials can be acquired from stocks procured by the War Department after the United Nations Relief and Rehabilitation Administration begins operations and that fertilizer, mostly nitrates, can be bought as needed. The amount for the first period requests only sufficient fertilizer to place the United Nations Relief and Rehabilitation Administration in a position to meet the initial demand of the liberated areas, with the balance to be purchased after operations have begun.

Clothing.—The people of Europe have been virtually without clothing replacements for years. The Germans have confiscated clothes and shoes for their armies on a large scale. Hide production in occupied Europe has been cut in half during the war and such leather shoes as have been produced at all have been for German soldiers.

The total of \$214,820,000 for clothing, textiles, and footwear has also been divided between the preparatory period and the post-preparatory period. All the manufactured goods, namely, woolen goods and garments, cotton goods and garments, and shoes, totaling \$150,000,000, are placed in the first period because they take 6 months or more to procure. In the post-preparatory period are included raw wool and raw cotton in the amount of \$65,000,000, which can be drawn from stock piles on hand in this country without difficulty at the time the United Nations Relief and Rehabilitation Administration is called upon to begin relief operations.

Health supplies.—The total for health supplies and soap is \$69,000,000, divided \$8,000,000 for the preparatory period and the balance of the \$61,000,000 for the following period.

Medical, hospital, and other health supplies and trained personnel to distribute and explain the use of them will be one of the first responsibilities of the United Nations Relief and Rehabilitation Administration if disease is not to sweep the liberated countries of Europe in the wake of the armies of the United Nations.

It is assumed that all health supplies will be provided out of stocks procured by the War Department. Therefore, the total amount for these is placed in the second period. They include a carefully planned program of items assembled and packaged for distribution to central points, with a certain percentage of hospital equipment for areas where hospitals have been destroyed by the Germans and with special units for combating epidemics, particularly typhus. Soap, and linseed oil for making soap, must be purchased as they come on the market, and, therefore, the quantities required are broken down between the preparatory period and the following period.

Repair and operating supplies.—The total amount for this category, \$100,000,000, is placed in the first period since it includes largely manufactured goods and will have to be scheduled for production a considerable time in advance.

There will be a great need for tools and raw materials to patch up essential public utilities and restore them to effective operation. The break-down or destruction of electric power facilities, sewage systems, and transportation systems in urban areas can be remedied only partially and on a makeshift basis by the occupying armies, as our experience in Naples shows. The liberated peoples will have to

be supplied the necessary tools and parts so that they can fit together undamaged portions of existing equipment and restore service. Tools will also be needed for rebuilding homes. The United Nations Relief and Rehabilitation Administration could not, even if it were empowered to do so, rebuild public utilities on any large scale. The amounts include provision of the necessary parts, raw materials, and tools for the repair of public utilities and other essential plants engaged in the production of relief supplies. They also include a certain amount of tools for building shelter, although it is assumed that the raw materials for this purpose will come from local sources.

Relief services.—The amount of \$30,000,000 has been requested for relief services, divided into \$5,000,000 for the preparatory period and \$25,000,000 for the period following. This is the sum needed for the operations required in handling displaced persons, the establishment and maintenance of refugee camps and for medical and public-health services. The need for these funds will come principally after the United Nations Relief and Rehabilitation Administration has begun to operate in liberated areas. However, as of May 1, 1944, the United Nations Relief and Rehabilitation Administration took over a number of refugee camps in the Middle East where some thousands of homeless refugees from the battle areas of Greece and Yugoslavia are being cared for.

Procurement expenses.—The bill includes \$4,000,000 for the administrative cost of procurement which is to be paid to the procurement agencies of this Government for the services rendered by them in procuring United Nations Relief and Rehabilitation Administration supplies. This figure is based upon the previous experience of our procurement agencies with the lend-lease program and is figured at less than one-half of 1 percent of the funds requested. The amount is divided equally between the preparatory period and the post-preparatory period.

Transportation costs.—The total amount for transportation costs is \$146,000,000 of which \$20,000,000 is placed in the first period and \$126,000,000 in the second period. It is assumed that the cost of handling, storing, and distributing the goods in the country of their destination will be paid either by the foreign government involved, or from local currency received in such countries by the United Nations Relief and Rehabilitation Administration.

United Nations Relief and Rehabilitation Administration's administrative expenses.—The last of these items is the United States share of the administrative budget of the United Nations Relief and Rehabilitation Administration, prepared by the Director General and submitted by him to the United Nations Relief and Rehabilitation Administration Council last November, calling for a total of \$10,000,000 for the administrative expenses of United Nations Relief and Rehabilitation Administration in its principal offices in Washington and London and in the field for the calendar year 1944. The recommended United States share of this budget is \$4,000,000. Contributions from other countries for this purpose have been received by the United Nations Relief and Rehabilitation Administration in the amount of almost \$3,000,000.

RESPONSIBILITY OF FOREIGN ECONOMIC ADMINISTRATION WITH RESPECT TO THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

While the bill provides for the appropriation of funds for the United Nations Relief and Rehabilitation Administration directly to the President, it is contemplated that the Foreign Economic Administration will be designated as the agency responsible for the procurement of United Nations Relief and Rehabilitation Administration's supplies with the United States funds.

The Foreign Economic Administration's responsibility will include virtually all purchases made for the United Nations Relief and Rehabilitation Administration in the United States. As a matter of general policy, in all countries which are members of the United Nations Relief and Rehabilitation Administration, its purchasing programs will be handled by the appropriate supply or procurement agencies of the respective national governments. The Foreign Economic Administration, by virtue of its responsibility for our lend-lease and foreign procurement programs, and its control over export trade, will be able to coordinate the procurement and disposal of supplies for the United Nations Relief and Rehabilitation Administration with all other demands from overseas for our goods, and to adjust the United Nations Relief and Rehabilitation Administration's programs to the limitations of domestic production and supply.

The Foreign Economic Administration will consult with the officials of United Nations Relief and Rehabilitation Administration in Washington concerning its estimated requirements and plans for the furnishing of supplies by this and by other countries. Through membership on the appropriate committees of the War Production Board and the War Food Administration, the Foreign Economic Administration will assist those agencies in deciding what supplies should be made available from the United States to meet the United Nations Relief and Rehabilitation Administration's needs. Allocations of production for the United Nations Relief and Rehabilitation Administration will be made in the usual way, by the War Production Board and the War Food Administration, after the Combined Boards have made their recommendations as to what supplies should be procured here. In all these necessary planning and preparatory steps, the Foreign Economic Administration will perform the function of furnishing information and helping to formulate decisions.

After allocations have been made, the principal administrative duties will fall to the Foreign Economic Administration. The Foreign Economic Administration will review the United Nations Relief and Rehabilitation Administration's procurement requests in the light of availability, standards, and the like. It will obtain the supplies either from lend-lease, Army, or other stocks, if they are available, or by placing requisitions through the Procurement Division of the Treasury or the Department of Agriculture, and will expedite contracts, packaging, storage, and shipment in accordance with the United Nations Relief and Rehabilitation Administration's needs and the availability of shipping facilities.

In addition to its responsibility for procurement and transportation, the Foreign Economic Administration will have a supervisory role with regard to the funds which the United Nations Relief and Re-

habilitation Administration will need from time to time from the United States to pay for relief services in other countries. The accounting and auditing procedures established for the United Nations Relief and Rehabilitation Administration's financial affairs assure the Foreign Economic Administration of adequate information as to how such funds will be spent.

EXPLANATION OF THE APPROPRIATING PROVISIONS OF THE TITLE

Section 201 contains four provisos in addition to the appropriating language, the first of which makes possible the same flexibility in the procurement of supplies for the United Nations Relief and Rehabilitation Administration as exists in the established procedures of the several Government agencies which will have the job of securing supplies for the United Nations Relief and Rehabilitation Administration's use. This proviso also facilitates procurement of supplies from United States sources by Government agencies for the United Nations Relief and Rehabilitation Administration with funds that may have been contributed by countries other than the United States.

The second proviso is directed at utilizing any available stocks held by other Government agencies and requires reimbursement from the \$450,000,000 to the appropriation of the Government agency from which supplies may be transferred.

The third proviso stipulates that supplies or services procured from funds appropriated or authorized to be expended under the title may be retained by, or transferred to, any executive department, independent establishment, or agency. Thus, any stocks created for the benefit of the United Nations Relief and Rehabilitation Administration may be drawn upon for the benefit of any other agency or department of the United States Government provided reimbursement is made. This provision guarantees that the goods purchased for the United Nations Relief and Rehabilitation Administration will not be frozen in stock piles and can be used, if more urgently needed, by the armed forces or our civilian population.

A further proviso is designed to safeguard the status and privileges of United States employees detailed to the United Nations Relief and Rehabilitation Administration as part of our contribution of specialized technical experiences.

Section 202 authorizes the President to transfer any funds, goods, or services, subject to his disposition or expenditure under the Lend-Lease Act, to carry out the purposes of the United Nations Relief and Rehabilitation Administration in an amount not to exceed \$350,000,000.

The committee has included a provision to make more explicit the assumptions underlying the exercise of the transfer authority, as follows:

Provided further, That the authority granted by this section shall not become effective until the United States Joint Chiefs of Staff shall have issued a certification that the state of the war permits the exercise of such authority and the utilization of lend-lease supplies, services, or funds for the purposes of section 201 of this title; and after such certification such utilization shall be made upon the determination of the Administrator of the Foreign Economic Administration.

Its effect is to call for the guidance of military leaders as to the state of the war and the considerations which will permit use of lend-lease before the transfer authority can be exercised.

TITLE III. FOREIGN ECONOMIC ADMINISTRATION-

SALARIES AND EXPENSES

1944 funds.....	\$46, 614, 020
1945 Budget estimate.....	20, 881, 000
Committee recommendation for 1945.....	19, 500, 000
Recommendation less than 1944 funds.....	27, 114, 020
Recommendation less than estimates.....	1, 381, 000

The Foreign Economic Administration is a consolidation of the foreign economic functions and staffs of 14 agencies. To it were transferred all of the functions and personnel of the Office of Lend-Lease Administration, the Board of Economic Warfare, the Export-Import Bank, the U. S. Commercial Company, Rubber Development Corporation, the Petroleum Reserves Corporation, Cargoes, Inc., the Office of Foreign Relief and Rehabilitation Operations, and those parts of the Commodity Credit Corporation, the Reconstruction Finance Corporation, Defense Plant Corporation, Defense Supplies Corporation, Metals Reserve Company, and the Office of Foreign Economic Coordination which had been concerned with foreign economic operations.

As a result of the consolidation, an entirely new organization has been established for the conduct of United States foreign economic activities. The effect has been both to unify our foreign economic operations and to facilitate foreign policy. These operations must be carried on in close collaboration with the State Department so as to conform to our foreign policy as determined by the Secretary of State.

Not only has the consolidation of the functions and personnel of 14 agencies into a single organization been accomplished without interruption of any of the programs, but, in fact, it has already shown marked results in the efficiency with which our foreign economic operations are being conducted. A more effective over-all determination of requirements has resulted by having a single agency screen foreign requirements for both lend-lease and commercial exports. More clear-cut standards have been developed as to whether goods should move under commercial exports or under lend-lease. Now that the entire program of foreign procurement is carried on in the same agency, contracts are being negotiated and cleared with increased speed. The consolidation of all imports and all exports in one agency has made it possible to arrive at a more comprehensive picture of the position of the United States with respect to foreign conditions.

Basically, all foreign economic operations are interrelated and the effect of the consolidation has been to improve each one. The consolidation has also improved the over-all representation of American economic interests abroad. The separate foreign missions of the agencies have been unified into single missions, and the United States now presents a single point of view in its economic dealings with foreign countries.

At the same time, administrative costs have been reduced. The 1944 administrative funds allowed for these functions were \$46,614,020. The amount actually used in the fiscal year 1944 will be only \$30,529,328, or \$16,000,000 less than the amount available. Despite this reduction, several additional major operations have been carried out during this year which, because of the course of the war, could

not have been foreseen when the 1944 appropriation requests were made. These additional functions have been carried on with a decrease of personnel. Shortly after the reorganization a personnel freeze was imposed and new operations have been made possible by shifts of personnel within the agency.

Among the functions of the Foreign Economic Administration are the following:

(1) The administration of the Lend-Lease Act, which includes arranging for the procurement, purchase, and transmission of supplies, services, and information to countries eligible for lend-lease aid and arranging for the receipt by the United States of reverse lend-lease aid from these countries.

(2) The procurement and development of vital materials abroad. This involves the location of strategic commodities needed in the war effort, development operations to increase their production, and arranging for storage and transport.

(3) Control, for war purposes, through export licensing and other similar methods of the exports of all commodities from the United States.

(4) Assembly and analysis of information relating to the enemy war economy and to economic conditions within neutral countries for purposes of economic warfare, such as blacklists, blockade measures, and preclusive buying, and for assisting the military in strategic bombing and planning.

(5) The preclusive purchasing abroad of commodities which are of importance to the enemy for military or civilian needs and which might otherwise fall in their hands.

(6) The provision of aid with reference to relief operations in liberated areas.

Obligations by Foreign Economic Administration and its predecessor agencies for the fiscal year 1944 were estimated at \$30,529,328. The estimated obligations by Foreign Economic Administration for the fiscal year 1945 are \$22,931,730. Of this, \$2,050,730 will be for work incident to commercial and trading operations which are carried on by the U. S. Commercial Company and are anticipated to be borne by the U. S. Commercial Company out of the proceeds from the sale of goods, rather than from appropriated funds. The committee has provided \$19,500,000 for the Foreign Economic Administration for administrative purposes for the fiscal year 1945 or \$11,029,328 less than the estimated obligations for the fiscal year 1944.

In addition to responsibility for the lend-lease and United Nations Relief and Rehabilitation Administration programs the Foreign Economic Administration is concerned with the economic warfare activities of this Government (for which Britain, for example, has a separate ministry), the importation of strategic and critical materials, and the control over private export trade.

Economic warfare.—The Foreign Economic Administration carries on economic warfare against the enemy in two ways. It plans and executes measures to enforce the blockade and cut off neutral war resources from the enemy. It also keeps a careful check on the economic strength and weakness of the enemy for the Army and the Navy. In both respects, it works closely with the State Department, the British Ministry of Economic Warfare, and the armed services.

It is necessary to have precise information about the enemy's economy in order to carry on the blockade operations which prevent the enemy from obtaining vital supplies. Every available source of information is probed: the files of foreign firms, American engineers who have worked abroad, refugees and foreign travelers, captured enemy equipment, crews of captured blockade runners, and others. At present more than 40,000 confidential documents relating to the enemy's economies, including censorship intercepts, are carefully

studied every week. From all of these sources a comprehensive picture of the enemy's economy is pieced together.

The chief weapons for blockading the enemy are war-trade agreements, blacklisting, and preclusive buying.

War trade agreements with neutrals are important in the control of their trade with the enemy. Under such agreements, the neutral recognizes the Allied blockade and accepts certain controls on its foreign trade. All its imports must have an American export license or a navicert issued jointly by the British and the United States. No import may be reexported to the enemy. Exports of domestic-produced commodities are controlled also.

Another effective blockade technique is the "blacklist" of firms known to have Axis connections and with whom it is illegal for Americans to deal. Through an almost endless series of checks the blacklist is maintained by the Foreign Economic Administration and the State Department.

The third major blockade weapon is preclusive buying. Where circumstances warrant, the United Nations purchase strategic materials produced in neutral countries to prevent the enemy from getting them. In these operations the Foreign Economic Administration's knowledge of enemy needs and the potential neutral supply is invaluable. Preclusive buying is concentrated on those commodities which the enemy needs most desperately and much of what is bought preclusively can be used by us in our own war effort.

These weapons for waging economic warfare are not mutually exclusive. In the early months of the war it was necessary to rely heavily upon preclusive buying. Since the tide of battle has turned in our favor, however, the less expensive weapons of war trade agreements and blacklisting have become a more effective means of crippling the enemy.

The second economic warfare front on which the Foreign Economic Administration operates involves the appraisal of the enemy's war potential. The armed forces must have a complete picture of the enemy economies to determine both immediate military strategy and long-term war production requirements.

The determination of strategic bombing objectives, for example, depends largely upon sound economic intelligence and analysis. The Foreign Economic Administration does not select targets and makes no military decisions, but, working with the British Ministry of Economic Warfare and with the United States and the British military intelligence services it has been able to supply the armed forces with valuable information as to the vulnerable spots in the enemy economies.

The job of evaluating the enemy's economies is being done for the Far East as well as for Europe. Detailed reports are prepared on the areas under Japanese control in order to determine Japan's capacity to carry on the war and in order to assist the Air Forces in the selection of future bombing objectives.

Import program.—The purpose of the Foreign Economic Administration public-purchase program, which is financed out of Reconstruction Finance Corporation funds, is to assure that American plants and shipyards receive the flow of strategic materials which they must have to maintain this country as the arsenal of democracy. Victory depends upon the continued supply of commodities which must be

obtained outside the United States. There are many strategic and critical materials which are not produced in the United States at all or are produced in negligible quantities. Among them are such essential commodities as tin, nickel, quartz crystals, industrial diamonds, tantalum, quinine, manila fiber, balsa wood, mahogany, copra, tung oil and insecticides. In addition, our domestic production of many other indispensable commodities such as copper, antimony, beryllium, manganese, mica, tungsten, etc., could not be expanded sufficiently to meet the tremendous wartime needs of American industry.

The task of obtaining abroad these vitally needed war materials has been made more difficult by the early military successes of the enemy. When the Philippines, Malaya, and the Netherlands East Indies were cut off, this country lost the source of 100 percent of its pre-war supply of manila fiber, 95 percent of its quinine, 37 percent of its rotenone, 16 percent of its chrome ore, 90 percent of its natural rubber, and 85 percent of its tin. From Japan itself had come all of our loofa sponges and 75 percent of our pyrethrum. From what is now Axis Europe had come 52 percent of our flax fiber and 71 percent of our fluor spar.

To obtain these materials the Foreign Economic Administration has had to increase the production of existing sources and to discover and develop new sources throughout the world. The total public purchase program for 1944 is estimated at approximately \$1,000,000,000.

A few examples indicate how foreign procurement has been expanded. In 1939, imports of copper were only 28,000,000 pounds. By 1943 imports had risen to 1,223,000,000 pounds—nearly one-third of our total consumption of new copper. From 1939 to 1943 imports of antimony ore increased 198 percent, chrome ore 160 percent, manganese 101 percent and cinchona bark 283 percent.

The war created an extraordinary demand for radio-quality quartz crystals and for tantalite, both of which are essential for radar and radio equipment. Our consumption of the former jumped from 31,000 pounds in 1940 to 1,600,000 pounds in 1943. As a result of an intensive import development program, all of our needs for high-grade radio-quality quartz crystals were met.

Procurement abroad under Government stimulation has been effected at prices far below those reached during World War I.

Export control program.—The primary purposes of export control are to prevent depletion of necessary war materials, to direct the limited supplies available for export where they will do the most good for the allied war effort, and to keep them from the enemy.

We are now able to get vital supplies like tin, copper, balsa, mahogany, rubber, and abaca from Latin America because of the machinery and equipment the Foreign Economics Administration located and licensed for shipment to these areas.

While the original wartime objectives of export control are still of primary concern, there is today a definite and increasing trend toward relaxing these controls. On a number of commodities, the critical shortage of supply the United States faced prior to and after Pearl Harbor has been largely overcome. Not all or even most commodities are in free supply and the controls cannot be lifted overnight. For example, while steel may be more easy, textiles, paper, lumber, and certain foodstuffs are being subjected by the War Production Board and the War Food Administration to even more stringent controls.

Nevertheless, the possibilities of permitting freer foreign trade are increasing and every effort is being made to give American exporters additional opportunities to operate as free of Government controls as wartime conditions permit.

Thus, in the past few months plans have been evolved and are now being placed in operation to eliminate gradually the requirement that an American exporter obtain import documents before he can ship to Latin America and to revise similarly other procedures. This means a greater volume of work in the export licensing operation because, as the foreign import controls are relaxed, the number of license applications increases. During 1943 over 1,000,000 applications, or about 3,000 each business day, were reviewed. Of these 50 percent on the average were approved. Applications are coming in now at the rate of about 4,000 each business day, and, if the present trend continues, they should increase to approximately 5,000 applications per day. Approvals now average about 80 percent. However, the easing of licensing requirements can only keep pace with the relaxation of controls of commodities by the War Production Board and the availability of shipping.

In spite of the controls required by the war, a tremendous volume of exports has moved through the normal commercial channels. During the 2 war years, 1942 and 1943, cash exports—not including lend-lease—averaged about the same as they did during the years 1936–38, inclusive, when about 30 percent of our private export trade was with enemy or enemy-dominated countries not now open to us.

THE EXPORT-IMPORT BANK OF WASHINGTON

The Export-Import Bank of Washington was created in 1934 to facilitate exports and imports and the exchange of commodities between the United States and other nations. The Bank meets all of its administrative expenses out of earnings and accordingly is requesting an allocation of its own funds for that purpose rather than an appropriation. The increase of the amount available for administrative expenses is based on the Bank's increased activity, particularly in Latin America. Since the time of its creation the Bank has effected loans aggregating \$453,993,780.24. Repayments against these loans total \$234,798,354.88, leaving the amount represented by presently outstanding loans at \$219,195,425.36. Total earnings of the Bank, after payment of all administrative expenses, have amounted to \$33,388,294.33. Annual earnings of the Bank by fiscal years have increased from \$1,744,630.74 in 1939 to \$7,635,080.06 in 1943. The amount recommended for administrative expenses is \$325,000, an increase of \$16,400 over 1944 funds and \$32,200 less than the Budget request.



Union Calendar No. 536

78TH CONGRESS
2D SESSION

H. R. 4937

[Report No. 1591]

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 1944

Mr. CANNON of Missouri, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the following sums are appropriated, out of any money
- 4 in the Treasury not otherwise appropriated, for defense aid
- 5 pursuant to the Act of March 11, 1941, as amended, for

1 participation by the United States in the work of the United
2 Nations Relief and Rehabilitation Administration pursuant
3 to the Act of March 28, 1944, and for the support of the
4 Foreign Economic Administration, for the fiscal year ending
5 June 30, 1945, and for other purposes, as follows:

6 TITLE I—DEFENSE AID—LEND-LEASE

7 SEC. 101. To enable the President, during the fiscal
8 year ending June 30, 1945, through such departments or
9 agencies of the Government as he may designate, further
10 to carry out the provisions of an Act to promote the defense
11 of the United States, approved March 11, 1941, as
12 amended, and for each and every purpose incident to or
13 necessary therefor, the following sums for the following
14 respective purposes:

15 (a) For the procurement, by manufacture or other-
16 wise, of defense articles, information, and services, for the
17 government of any country whose defense the President
18 deems vital to the defense of the United States, and the dis-
19 position thereof, including all necessary expenses in con-
20 nection therewith, as follows:

21 Agricultural, industrial, and other commodities and
22 articles, \$3,446,361,000.

23 (b) For administrative expenses, not specified or in-
24 cluded in the appropriation for "Salaries and expenses,
25 Foreign Economic Administration, 1945", \$4,209,000.

1 (c) In all, \$3,450,570,000.

2 (d) Each of the foregoing appropriations shall be
3 additional to, and consolidated with, the appropriations for
4 the same purposes, contained in the same respective cate-
5 gories of appropriation in the Defense Aid Supplemental
6 Appropriation Act, 1941, the Defense Aid Supplemental
7 Appropriation Act, 1942, the Second Defense Aid Sup-
8 plemental Appropriation Act, 1942, and the Defense Aid
9 Supplemental Appropriation Act, 1943, and the appropria-
10 tions contained in the foregoing Acts are hereby con-
11 tinued and shall be available until June 30, 1945; and
12 \$88,299,000 of the money and property converted into
13 money which have been hitherto received as a result of opera-
14 tions under said Act of March 11, 1941, as amended, is
15 hereby consolidated with, and shall be available until June
16 30, 1945, for any of the purposes of, the appropriation for
17 "Agricultural, industrial, and other commodities and arti-
18 cles": *Provided*, That with the exception of the appropria-
19 tion for "Administrative expenses", not to exceed 20 per
20 centum of any of the foregoing appropriations may be
21 transferred by the President to any other of such
22 appropriations, but no such appropriation shall be in-
23 creased more than 30 per centum thereby: *Provided fur-*
24 *ther*, That notwithstanding the foregoing proviso (1) bal-
25 ances, unobligated as of June 30, 1944, and balances

1 subsequently released from obligation, of appropriations con-
2 tained in the foregoing Acts for "Ordnance and ord-
3 nance stores, supplies, spare parts, and materials, in-
4 cluding armor and ammunition and components thereof",
5 and for "Miscellaneous military equipment, supplies, and
6 materials", may be transferred by the President to and
7 consolidated with the appropriation provided above for
8 "Agricultural, industrial, and other commodities and arti-
9 cles", and (2) balances, unobligated as of June 30, 1944,
10 and balances subsequently released from obligation, of appro-
11 priations contained in the foregoing Acts for "Necessary
12 services and expenses" may be transferred by the President
13 to and consolidated with any of the appropriations pro-
14 vided above, except the appropriation for "Administrative
15 expenses".

16 SEC. 102. Any defense article, information, or serv-
17 ice procured from funds appropriated by this title or prior
18 Acts appropriating funds to the President for the purpose of
19 carrying out the provisions of said Act of March 11, 1941, as
20 amended, shall be retained by or transferred to and for the
21 use of such department or agency of the United States as the
22 President may determine, in lieu of being disposed of to a
23 foreign government, whenever in the judgment of the Presi-
24 dent the defense of the United States will be best served
25 thereby: *Provided further*, That none of the funds appropri-

1 ated in this title shall be used for the payment of any subsidy
2 on agricultural products produced in the continental United
3 States.

4 SEC. 103. This title may be cited as "Defense Aid Ap-
5 propriation Act, 1945".

6 TITLE II—UNITED NATIONS RELIEF AND
7 REHABILITATION ADMINISTRATION

8 SEC. 201. To enable the President to carry out the
9 provisions of the Act of March 28, 1944 (Public Law
10 267), and for each and every purpose incident thereto or
11 necessary therefor, \$450,000,000, to be available immedi-
12 ately and to remain available until June 30, 1946: *Provided*,
13 That (1) any sums allocated by the President to any ex-
14 ecutive department, independent establishment, or agency
15 for any of the purposes hereof, from funds appropriated
16 by or authorized to be expended under this title or from
17 funds made available by the United Nations Relief and Re-
18 habilitation Administration, may be expended without re-
19 gard to those provisions of law waived by law with respect
20 to the expenditure of Government funds by such depart-
21 ment, independent establishment, or agency; (2) the appro-
22 priations, funds, or accounts of any executive department,
23 independent establishment, or agency shall be reimbursed
24 or credited from sums allocated hereunder, except as here-
25 inafter provided, for any supplies or services procured

1 from such appropriations or funds or by use of such accounts
2 and furnished for any of the purposes hereof; and (3) any
3 supplies or services procured from funds appropriated by
4 or authorized to be expended under this title may be retained
5 by or transferred to any executive department, independent
6 establishment, or agency, and said funds shall be reimbursed
7 from payments made in return therefor by such department,
8 independent establishment, or agency: *Provided further,*
9 That any officer or employee of any executive department,
10 independent establishment, or agency who is detailed to the
11 United Nations Relief and Rehabilitation Administration
12 and compensated hereunder, either directly or by reimburse-
13 ment of applicable appropriations or funds, shall, while so
14 detailed, retain and be entitled to the rights, benefits, privi-
15 leges, and status of an officer or employee of the United
16 States and of the department, independent establishment,
17 or agency from which detailed.

18 SEC. 202. In addition to the sum appropriated by
19 section 201 of this title, any supplies, services, or funds
20 available for disposition or expenditure by the President
21 under the Act of March 11, 1941, as amended (22 U. S. C.
22 411-419), and Acts supplementary thereto, may be dis-
23 posed of or expended by the President to carry out the
24 provisions of the Act of March 28, 1944, without reimburse-
25 ment of the appropriations from which such supplies or

1 services were procured or such funds were provided: *Pro-*
2 *vided*, That the supplies, services, and funds disposed of or
3 expended under the authority of this section shall not exceed
4 a total value, as determined under regulations to be approved
5 by the President, of \$350,000,000 and shall be charged to
6 the amount authorized to be appropriated by said Act of
7 March 28, 1944: *Provided further*, That the authority
8 granted by this section shall not become effective until the
9 United States Joint Chiefs of Staff shall have issued a cer-
10 tification that the state of the war permits the exercise of
11 such authority and the utilization of lend-lease supplies,
12 services, or funds for the purposes of section 201 of this
13 title; and after such certification such utilization shall be
14 upon the determination of the Administrator of the Foreign
15 Economic Administration.

16 SEC. 203. This title may be cited as "United Nations
17 Relief and Rehabilitation Administration Participation Ap-
18 propriation Act, 1945".

19 TITLE III—EXECUTIVE OFFICE OF THE
20 PRESIDENT

21 OFFICE FOR EMERGENCY MANAGEMENT

22 FOREIGN ECONOMIC ADMINISTRATION

23 Salaries and expenses: For all expenses necessary to
24 enable the Foreign Economic Administration to carry out
25 its functions and activities, including salaries of the Admin-

1 istrator at \$10,000 per annum, and four assistants to the Ad-
2 ministrator at \$9,000 per annum each ; employment of aliens ;
3 temporary employment of persons or organizations by con-
4 tract or otherwise without regard to the civil-service and classi-
5 fication laws (not exceeding \$100,000) ; travel expenses (not
6 exceeding \$275,000 for travel within continental United
7 States) , including expenses of employees of the Administration
8 and the transportation of their personal effects to their first
9 posts of duty in a foreign country and return to their homes ;
10 transportation of dependents and household goods and effects,
11 in accordance with the Act of October 10, 1940, from foreign
12 countries to their homes in the United States of employees
13 of the Foreign Economic Administration and the State De-
14 partment for whom such expenses to a foreign country were
15 authorized and paid from funds allocated to the Board of
16 Economic Warfare ; advances of money, upon the furnish-
17 ing of bond, to employees traveling in a foreign country, in
18 such sums as the Administrator shall direct ; reimburse-
19 ment of employees for loss of personal effects in case of
20 marine or aircraft disaster ; rental of news-reporting services ;
21 purchase of, or subscription to, commercial and trade reports ;
22 printing and binding (not exceeding \$90,000) ; \$19,500,000,
23 of which amount not to exceed \$50,000 shall be available
24 for payment, or reimbursement to employees, as determined
25 by the Administrator, for emergency or extraordinary ex-

1 penses in connection with operations in foreign countries,
2 without regard to the provisions of law regulating the ex-
3 penditure, accounting for, and audit of Government funds:
4 *Provided further*, That not to exceed \$500,000 of the
5 amount herein appropriated shall be available for expendi-
6 tures of a confidential character to be expended under the
7 direction of the Administrator, who shall make a certificate
8 of the amount of each such expenditure which he may think
9 it advisable not to specify, and every such certificate shall
10 be deemed a sufficient voucher for the amount therein
11 certified.

12 Payments for articles and materials requisitioned: For
13 the purpose of making payments to the owners thereof for
14 articles requisitioned under authority of the Acts of October
15 10, 1940, and October 16, 1941, as amended (50 U. S. C.
16 App. 711 and 721), the unexpended balance as of June 30,
17 1944, of the fund consisting of (1) the allocation of \$200,000
18 to the Economic Defense Board from the emergency fund
19 for the President by letter of November 26, 1941, and (2)
20 the receipts credited to said appropriation by said Act of
21 October 10, 1940, as amended and reallocated for the same
22 purpose by said letter of allocation, is hereby continued avail-
23 able to the Foreign Economic Administration for the fiscal
24 year 1945: *Provided*, That receipts of the sales of articles
25 requisitioned by said Administrator under authority of said

1 Act of October 16, 1941, shall be deposited to the credit of
2 this fund and be immediately available for the purposes
3 thereof.

4 No part of any funds appropriated or made available
5 in this title to the Foreign Economic Administration shall be
6 used directly or indirectly for the procurement of services,
7 supplies, or equipment in connection with its foreign procure-
8 ment activities outside the United States except for the pur-
9 pose of executing general economic programs or policies
10 formally approved in writing by a majority of the War
11 Mobilization Committee and such writing has been filed with
12 the Secretary of State prior to any such expenditure.

13 Export-Import Bank of Washington, administrative ex-
14 penses: Not to exceed \$325,000 of the funds of the Ex-
15 port-Import Bank of Washington, continued as an agency of
16 the Government by the Act of September 26, 1940 (15
17 U. S. C. 713b), shall be available during the fiscal year
18 1945 for all administrative expenses of the bank, including
19 personal services in the District of Columbia and elsewhere;
20 travel expenses, in accordance with the Standardized Gov-
21 ernment Travel Regulations and the Act of June 3, 1926,
22 as amended (5 U. S. C. 821-833); printing and binding;
23 lawbooks and books of reference; not to exceed \$100 for
24 periodicals, \$200 for newspapers, and \$200 for maps; not
25 to exceed \$15,000 for the temporary employment of per-

1 sons or organizations for special services by contract or
2 otherwise, without regard to section 3709 of the Revised
3 Statutes; and rent in the District of Columbia: *Provided*,
4 That all necessary expenses (including special services per-
5 formed on a contract or fee basis, but not including other
6 personal services) in connection with the acquisition, opera-
7 tion, maintenance, improvement, or disposition of any real or
8 personal property belonging to the bank or in which it has
9 an interest, including expenses of collections of pledged col-
10 lateral, shall be considered as nonadministrative expenses for
11 the purposes hereof: *Provided further*, That sections 201,
12 202, and 203 of the National War Agencies Appropriation
13 Act, 1945, shall have no application to this appropriation.

14 SEC. 301. Those general provisions in the National
15 War Agency Appropriation Act, 1945, applicable to the
16 constituent agencies of the Office for Emergency Manage-
17 ment, and those general provisions in such Act generally
18 applicable to all agencies in such Act, are hereby made
19 applicable to the same extent, except as otherwise provided,
20 to the appropriations in this title.

21 SEC. 302. This title may be cited as the "Foreign Eco-
22 nomic Administration Appropriation Act, 1945".

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78TH CONGRESS
2d Session

H. R. 4937

[Report No. 1591]

A BILL

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

By Mr. CANNON of Missouri

JUNE 2, 1944

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

built inside of a period of 10 months, and we could get the oil there where we need it the most.

Mr. THOMASON. As I said in the beginning, I am making no objection to this legislation; in fact, I expect to vote for it. The thing I see about it is this. The gentleman from Massachusetts, together with the very able chairman of the committee, has said that the Navy has to have more oil and has to have it on the west coast to refine and ship out to fight the Japs. Then why does not somebody give some encouragement to a deserving proposition here that would send thousands of barrels of crude oil daily to the refineries of the west coast.

Mr. BATES of Massachusetts. With our reserves we have ample oil on the west coast, but with the reserves we have on the continent we do not have enough oil for the east coast.

Mr. THOMASON. We need more refineries in west Texas, but surely we are not to be penalized because we do not have them. I repeat, give us a pipe line or other transportation facilities, together with a decent price for our crude, and we will get the oil to you.

Mr. BATES of Massachusetts. Therefore, we ought to open up the west Texas field.

Mr. THOMASON. I cannot understand why such anxiety and rush has developed over the Elk Hills proposition, when this other is in your lap waiting development and responsible people pleading for approval of the project. Above all, I contend it is worthy of your serious study and consideration. I also want to say that I protest the discrimination against the independent oil producers in the Permian basin when O. P. A. granted a higher price to the producers in the Wichita Falls, Panhandle, and Oklahoma area and would not give my people the same increase. I am glad that after long and hard effort they were able to get a raise, but I contend that those in the Permian basin are entitled to the same treatment.

In conclusion I give you statements from the Railroad Commission of Texas and one of its members, Mr. Olin Culberson, and also an article from the Houston Chronicle regarding the pipe line proposal.

The Railroad Commission of Texas says:

The latest production figures and availability of crude oil from the Permian basin, west Texas, shows that a total of 597,203 barrels per day of crude oil are available from 119 fields in west Texas. The net allowable, as of April 8, 1944, for the same fields is 380,073 barrels, leaving a balance available, without physical waste, of 217,130 barrels of crude oil per day over and above the present allowable.

Since availability hearings in August 1943, Ellenberger production has opened in west Texas; and from wells that have been drilled to this production there is every indication that Ellenberger producing horizon will cover an area and production almost equal, if not greater than the east Texas field.

This availability is not included in the above figures, but is in addition to the 217,-

130 barrels available above the present net allowable.

RAILROAD COMMISSION OF TEXAS,
BEAUFORD JESTER, *Chairman*.
OLIN CULBERSON, *Commissioner*.
ERNEST O. THOMPSON, *Commissioner*.

Attest:

L. H. RANSOM,
Secretary.

Mr. Olin Culberson, one of the railroad commissioners of Texas, wrote a friend the following:

I accompanied representatives of the Pacific War Emergency Pipeline to Washington in order to assure the P. A. W. that an adequate supply of crude above present production without waste could be had in west Texas to fill this line.

I am intensely interested in seeing that this line is completed, both from the standpoint of securing a market for west Texas crude commensurate with what I believe to be its just share of the demand, and also for the effect that such a pipe line would have on stabilizing the price structure, not only in west Texas, but for the entire southwest producing area.

It is my opinion that this line, if constructed, would bring about the much desired situation of a free market which, in opinion, certainly does not now exist under the manner in which the industry operates.

The Houston Chronicle had the following interesting facts regarding the proposed pipe line:

TEXANS SEEK AUTHORITY TO LAY 20-INCH OIL PIPE LINE WEST TEXAS TO WEST COAST

WASHINGTON, April 26.—Construction of a 20-inch crude oil pipe line connecting the Permian basin of west Texas with the Pacific coast was proposed Tuesday in an application filed with the petroleum administration by officers of the Pacific War Emergency Pipe Line, Inc., of Dallas. The new line if authorized, would move approximately 200,000 barrels of west Texas crude daily to a terminal near Los Angeles to supply the rapidly increasing demand for oil to fight the war against Japan.

Officials who filed the application have been in Washington for several days conferring with Federal officials, but as yet have received no real encouragement. By filing the application, however, they hope to force a decision on the Texas-California pipe-line issue, which has been debated now for more than a year.

WOULD COST \$47,000,000

The company, which would finance the \$47,000,000 line itself, contends that the Permian basin offers the only large supply of surplus crude available in the United States. Railroad facilities have been inadequate to move this oil to the west coast and the pipe line offers the only real solution of the problem. Despite heavy production oil producers have not been able to meet the growing demand for oil on the west coast by the Army and Navy. It is generally known that both military and P. A. W. officials have been seriously concerned with the situations for some time.

The Permian basin has 19,472 wells, of which 10,641 are flowing wells, the petition points out, because of a lack of adequate outlet, these wells are rigidly prorated and restricted to small daily production, and many of them are operated only 15 to 17 days each month.

A letter from the Texas Railroad Commission of Texas, dated April 11, 1944, and signed by Beauford Jester, Olin Culberson and Ernest O. Thompson, states that in the Permian basin in Texas "the latest production

figures show that a total of 597,203 barrels a day of crude oil are available, with allowable as of April 8, 1944, of 380,073 barrels, leaving balance available, without waste, of 217,130 barrels of crude oil a day."

LARGER THAN EAST TEXAS FIELD

The commission's letter further states that these figures do not include production from the newly discovered, Ellenberger producing horizon and states that this new deeper level from every indication "will cover an area and production almost equal to if not greater than the East Texas field."

The New Mexico fields of the basin have an additional allowable of 106,640 barrels.

The pipe line as now tentatively projected would run from Monahans, Tex., to Beaumont, Calif., a distance of 986 miles. Engineers who made surveys and preliminary estimates state that the line can begin transporting oil within 4 months after delivery of materials begins.

The officers of the company are all well-known Texas citizens and leading oil producers, with extensive holdings in the Permian Basin area. They are: Angus G. Wynne, president; Jerry Hawkins, vice president; and L. N. Glasco, secretary-treasurer.

The CHAIRMAN. The question is on the committee substitute for the bill, as amended.

The committee substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. RAMSPECK, having assumed the chair, Mr. CLARK, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H. R. 4771) to amend the part of the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes," approved June 4, 1920, as amended, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves, pursuant to House Resolution 573, reported the same back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 286) providing for operation of naval petroleum and oil-shale reserves.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution as follows:

Whereas it has been urgently requested by the Joint Chiefs of Staff and recommended

by the Secretary of the Navy that production from Naval Petroleum Reserve No. 1 be substantially increased at the earliest possible date to meet the critical need for petroleum on the west coast to supply the armed services in the Pacific theater: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of the act of June 3, 1920, as amended, relating to the naval petroleum reserves, the Secretary of the Navy be, and he hereby is, authorized, with the approval of the President, during the period of 18 months from and after June 1, 1944, to develop and operate, or to cause to be developed and operated, the lands in Naval Petroleum Reserve No. 1, directly or by contract, (a) to the end that the productive capacity of the reserve, including the privately owned and leased lands included therein, may be increased to permit a daily rate of production of 65,000 barrels, but not in excess of such rate, and (b) to produce or to cause to be produced from said lands during said period up to but not in excess of a total of 30,000,000 barrels of petroleum.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, this is merely to make the legislation effective?

Mr. VINSON of Georgia. This is a resolution which Congress must pass whenever you draw any oil out of Elk Hills.

Mr. MARTIN of Massachusetts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 2, line 11, after the word "petroleum", change the period to a colon and insert the following: "Provided, however, That the Secretary of the Navy is hereby authorized to enter into contracts under the appropriation 'Naval emergency fund' for increasing the production of petroleum in Naval Petroleum Reserve No. 1 to the extent authorized in this resolution."

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the amendment for the benefit of the House?

Mr. VINSON of Georgia. The effect of the amendment is that the operation of this will come out of what is known now as the naval emergency fund, which has already been appropriated.

Mr. BROWN of Ohio. Mr. Speaker, how much will this appropriation amount to, in the opinion of the gentleman?

Mr. VINSON of Georgia. The total amount of that fund under one item is about \$7,000,000. I have forgotten the other. It has already been appropriated. It is to permit the use of part of this money for this operation.

Mr. BROWN of Ohio. Is this money appropriated for this specific purpose or is that the general appropriation?

Mr. VINSON of Georgia. It is the general emergency fund.

Mr. BROWN of Ohio. Yes; and what is the gentleman's idea as to the expense of this particular amendment?

Mr. VINSON of Georgia. I cannot say now because should it be more than that it will have to come back to the committee to get more money.

Mr. BROWN of Ohio. Do you think it will be the entire \$7,000,000?

Mr. VINSON of Georgia. Nothing like that.

Mr. BROWN of Ohio. What would it be? The gentleman has some idea.

Mr. VINSON of Georgia. No; I have no idea.

Mr. BROWN of Ohio. Does the gentleman have any thought on it?

Mr. VINSON of Georgia. No.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid on the table.

ELECTION TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer a resolution (H. Res. 575), which I send to the desk.

The Clerk read as follows:

Resolved, That DONALD L. O'TOOLE, of the State of New York, be, and he is hereby, elected a member of the following standing committees of the House of Representatives: Accounts, Expenditures in the Executive Departments, War Claims.

The resolution was agreed to.

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION ACT, 1945

Mr. CANNON of Missouri, by direction of the Committee on Appropriations, submitted a report (Rept. No. 1591) on the bill (H. R. 4937) making appropriations for defense aid lend-lease for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration and for the Foreign Economic Administration for the fiscal year ending June 30, 1945, and for other purposes, which was read a first and second time, and referred to the Union Calendar and ordered printed.

Mr. TABER. Mr. Speaker, I reserve all points of order against the bill.

CLEVELAND O. P. A. AND O. D. T.

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and to include therein three articles from a Cleveland paper.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

[Mr. FEIGHAN addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. KEAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD in two instances.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION ACT, 1945

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes; and pending that motion I would like to reach some agreement with the gentleman from New York [Mr. TABER] as to the time. If it meets with the gentleman's approval, I suggest that we have general debate today and tomorrow, and conclude the bill on Monday.

Mr. TABER. I do not believe that we would have demand enough to justify running 2 days. I have enough to run 1 day. I would think we ought to be able to finish the debate today, although something might come up that I do not know about.

Mr. CANNON of Missouri. Then, if the gentleman prefers, Mr. Speaker, I ask unanimous consent that we continue debate not to exceed the remainder of today, and at the close of debate today we read the first paragraph for amendment.

Mr. HOFFMAN. Mr. Speaker, I object.

Mr. CANNON of Missouri. I shall be glad to yield the gentleman from Michigan [Mr. HOFFMAN] any time he may desire.

Mr. HOFFMAN. Mr. Speaker, I was speaking in behalf of some of my colleagues who do not want, at the very end, to have someone get an extra 10 or 15 minutes and then be cut off from even 3 minutes. Do you not see? It happens so often.

Mr. CANNON of Missouri. That is the reason I asked for 2 days of general debate—in order that all who desire to speak may be heard. The gentleman from New York says that 1 day will be sufficient. That is all right with me, but I am glad to assure the gentleman that so far as I am concerned no one will be denied recognition today.

Mr. HOFFMAN. I am terribly suspicious of the request that the gentleman makes.

Mr. CANNON of Missouri. The gentleman has no reason to be suspicious.

Mr. HOFFMAN. There is no reason for it, but things do happen that way.

Mr. McCORMACK. Mr. Speaker, might I say there is always justifiable suspicion.

Mr. CANNON of Missouri. Mr. Speaker, the gentleman from Massachusetts

does not mean there is any such justifiable suspicion with reference to my request?

Mr. McCORMACK. Not with reference to anything the gentleman from Missouri [Mr. CANNON] has said, but in the life of all of us. There is no justification in this connection, I am sure.

Mr. HOFFMAN. You mean about being cut off?

Mr. McCORMACK. Nobody will be cut off.

Mr. TABER. Mr. Speaker, if the gentleman will yield to me for a moment, I would like to suggest that debate go on for the remainder of the day; and if there is a demand for more time and we need it, we can supply it tomorrow. How would that be?

Mr. CANNON of Missouri. I would be glad to agree to any arrangement which the gentleman approves.

Mr. McCORMACK. Mr. Speaker, reserving the right to object, for the purpose of trying to see if we can come to an agreement, the membership of the House naturally is interested in what time is agreed upon. We are going to meet tomorrow. I would like to have the membership know whether it is going to be general debate tomorrow or whether we are going to read the bill under the 5-minute rule.

Personally, I think we should do the latter, but my only desire is that the membership of the House may be advised so that if the agreement is to have general debate tomorrow they can govern themselves accordingly.

Mr. HOFFMAN. In view of the statement of the majority leader and the fact that it is evident we will save some time, I will withdraw my objection. I am always glad to do that when it will please the gentleman and when it will not cost us anything on this side.

Mr. McCORMACK. I have always found the gentleman very cooperative.

Mr. HOFFMAN. That will get me some votes.

Mr. CANNON of Missouri. Mr. Speaker, I renew my request.

Mr. MARTIN of Massachusetts. What is the present request of the gentleman?

Mr. CANNON of Missouri. I renew my request, Mr. Speaker. In accordance with the suggestion of the gentleman from New York [Mr. TABER], I suggest that debate be continued during the day and as long as anyone wants time; then at the close of general debate, when no one desires further recognition, the first paragraph of the bill be read. I also ask unanimous consent that one-half the time may be controlled by the gentleman from New York [Mr. TABER] and the other half by myself.

The SPEAKER pro tempore. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, of course, we do not want to be in the position of cutting down any time the gentleman from Missouri [Mr. CANNON] might like. Did the gentleman think he might need 2 days?

Mr. CANNON of Missouri. I left that entirely to the gentleman from New York [Mr. TABER].

Mr. TABER. Why would it not be better to allow the debate to go on today without limiting it to today, and then if we need more time for debate tomorrow we could close it at such time tomorrow as we are able to.

Mr. CANNON of Missouri. That is entirely satisfactory to me.

Mr. McCORMACK. Reserving the right to object, my only purpose is that the membership of the House will know definitely tomorrow whether it is going to be general debate or whether we will be under the 5-minute rule, or in part, general debate and in part under the 5-minute rule. In other words, I think we ought to let the House know whether the bill is going to be read under the 5-minute rule tomorrow.

Mr. MARTIN of Massachusetts. The House would know that at 5 o'clock.

Mr. McCORMACK. But if we can settle that now, it is only fair, because some Members might have plans between now and 5 o'clock. If I might suggest to my friend, why not let general debate continue through the day today and 1 hour tomorrow?

Mr. TABER. How about 2 o'clock tomorrow?

Mr. CANNON of Missouri. That is agreeable.

I ask unanimous consent, Mr. Speaker, that general debate be continued today and until 2 o'clock tomorrow, at which time we begin reading the bill under the 5-minute rule, and that the time for general debate be equally divided between the gentleman from New York [Mr. TABER] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Missouri [Mr. CANNON].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4937, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The gentleman from Missouri [Mr. CANNON] is recognized for 1 hour.

Mr. CANNON of Missouri. Mr. Chairman, as we today look back on pivotal dates in history, 476 the fall of Rome, 1492 the discovery of America, 1815 the dissolution of the Napoleonic Empire, so future generations will look back to the year 1944 as one of the decisive years in history. This bill provides funds with which to insure that it will be a decisive year. It provides for the continuation of lend-lease, without which the war could not have been brought to its present successful status, and without which beyond question, the war would have dragged along many years with steadily increasing cost both in blood and treasure.

The pending bill provides simultaneously for the war, for the period of transition and the era of negotiated peace, because all three are inseparably, and inextricably associated. Much of the money here provided is in anticipation of victory and the expenditure of much of it is contingent upon victory. In the main, the lend-lease provision is for the remaining period of the war; the U. N. R. R. A. provision for the period of transition.

We appropriate in this bill for the continuance of lend-lease for the fiscal year 1945 \$3,450,570,000 of direct appropriation, and \$3,650,024,000 of unobligated balances; and \$88,299,000 received from the sale of lend-lease materials making a total fund to be available for next year of \$7,188,893,000. The committee makes no reduction in the recommendation of the President.

Lend-lease is not a new thing in warfare. Toward the end of the Napoleonic War, England finding many of her allies unable to continue actively and aggressively in the field, and as we have found from our experience in World War No. 1 that loans would not serve the purpose and decided as we are deciding today, to employ lend-lease. England similarly supported her allies and kept them in the field against the great Corsican through lend-lease materials; not money, not loans, but the actual delivery of weapons and munitions of war where they could be most effectively used.

This is the third lend-lease authorization act for which we are providing funds; three times the Congress, by enacting basic law authorizing these appropriations has indicated its strong and unmistakable approval of lend-lease until we have reached a new peak of lend-lease and in the first quarter of this calendar year.

The flow of arms and tanks and planes and ships and munitions to our allies is now steadily increasing. Our own armies have been whipped into shape, they have been trained and armed and equipped and are being supplied with everything they need, and we are rapidly approaching the crisis.

We provide for the first installment of the United States contribution to U. N. R. R. A., \$450,000,000 in direct appropriation, and authorization for the transfer of \$350,000,000 of funds, supplies, and services from lend-lease, in case they are not needed for war purposes. This, of course, can mean only one thing; it means that when the opposition in Europe collapses and lend-lease is no longer necessary, funds may, under this authorization, be transferred from lend-lease to U. N. R. R. A.

The name of this agency, the United Nations Relief and Rehabilitation Administration, is a rather involved title; even its abbreviation U. N. R. R. A. is somewhat unprepossessing and uncouth. There is not much glamour in the name, but it designates one of the most important and vital developments of the war and the period which must follow the war. It is the first international cooperation in this war, and on that account alone is particularly significant.

U. N. R. R. A. is not a national agency; it is not a part of the United States Government. It is an international agency; it is a premonstration of the United Nations association. It proposes to pool the economic resources of the United Nations and associated nations to tide over the transition period and to care for those areas formerly under enemy domination. One of the most impressive scenes I have ever witnessed was that dramatic scene on November 9 in which the accredited representatives of 44 sovereign nations, each in their turn, left their chairs at the conference table and walked up to the dais and affixed to this agreement—this first international agreement of its kind in the history of the world—the signature of their respective governments, and thereby initiated and organized this international cooperation to complete the war program. Let us hope it is the forerunner of many more such amicable and harmonious concordats which will in the months and years to come insure international cooperation to maintain peace and justice throughout the world.

The Axis forces have extended their despotic domination over 35 nations—35 separate and independent countries and half a billion people. Wherever they have gone civilization and all the institutions that men hold dear have withered and died. The elemental requirements of life itself have vanished. From each of these 35 countries today emanate reports which freeze the marrow of the listener's bones; of conditions which beggar description: Privation, destitution, inhuman cruelty, devastation, and death. We are told by the highest ecclesiastical and military authorities that hunger is a normal state and starvation is commonplace in all these countries today.

Most of their cities have been destroyed. Age-old centers of culture and industry which have been slowly and laboriously built up through the centuries are today heaps of rubble, and through them famine stalks by day and terror prowls by night. These changes have been accompanied by wholesale shifts in population. It is estimated that in Europe 20,000,000 people have been torn from their homes and transported to alien and inhospitable locations; somewhere between four and five million of these are children. In Asia it is estimated that in excess of 40,000,000 people have been violently transplanted and scattered over the face of the surrounding country. As soon as Axis domination is broken these people must be returned to their homes, an undertaking of incredible difficulty. They must be fed and clothed until they can care for themselves. Throughout this plan of regeneration and rehabilitation there runs continuously as the U. N. R. R. A. objective the idea to help them help themselves. There is no purpose here of supplying anything that is not absolutely essential; there is no proposition here to supply anything without payment wherever payment is possible, and no intention to continue support beyond the phase of absolute necessity. In other words, to put these people as quickly as

possible in a position where they can supply their own needs.

Mr. WHITE. Will the gentleman yield for a question?

Mr. CANNON of Missouri. I yield to the gentleman from Idaho.

Mr. WHITE. How much of this relief money does the gentleman think will be used to assist aliens to enter the United States?

Mr. CANNON of Missouri. Not a penny of it could be used for that purpose. Under no circumstances could any part of this money be used for such an undertaking.

Mr. WHITE. Refugees are coming into the country. Does not the gentleman think some of this money will be used to assist aliens and refugees to come into the country?

Mr. CANNON of Missouri. I do not think refugees are coming permanently into the country. Our immigration laws are still in effect and are being rigidly enforced and so far as I am concerned, I think they ought to be enforced.

Mr. VURSELL. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. VURSELL. When we considered U. N. R. R. A. in the first instance, Dean Acheson spoke before the congressional group and said there was no intention of sending anything overseas under these lend-lease laws except food and medical supplies. I think that statement was probably made on the floor of the House when we passed the U. N. R. R. A. bill. Then later I was informed that a great amount of farm machinery was already being allocated to be sent over, in violation of the statement made by Dean Acheson and the statements made on the floor of the House and when this was brought to the attention of certain people they decided not to do it. Is that correct or not?

Mr. CANNON of Missouri. I do not see how it could possibly be correct because U. N. R. R. A. has not bought anything in the United States.

Mr. VUSSELL. I mean under U. N. R. R. A.

Mr. BLOOM. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. BLOOM. May I say to the gentleman that an explanation of that has been put in the Record several times. There has not been one dollar expended up to the present time by U. N. R. R. A.

Mr. VURSELL. Was there an attempt to allocate this farm machinery to be sent over there until discovery of that?

Mr. BLOOM. No; nothing of the kind. It has been explained here several times before on the floor and the Record shows it. The only thing that U. N. R. R. A. has been doing or has done is to get information. After U. N. R. R. A. gets into the countries and they are occupied, and if anything is necessary, to find what they could get to use for the purpose of the farmers over there, but there has not been anything allocated and there has not been anything spent on U. N. R. R. A. up to the present time.

Mr. WHITE. Is it not a fact that American mills are using foreign wools to fabricate cloth in wholesale quantities to be used by U. N. R. R. A.?

Mr. BLOOM. No.

Mr. WHITE. The gentleman wants the House to understand now that we are not using foreign wool, fabricating it in American mills, and sending it abroad, paid for by American money, in this relief plan?

Mr. BLOOM. I say this and it answers all of the questions: Up to the present moment not one penny has been spent by U. N. R. R. A. for any purpose of the kind.

Mr. WHITE. No commitments have been made?

Mr. BLOOM. No.

Mr. WHITE. There are no commitments?

Mr. BLOOM. No commitments at all. How could they? They have not got a dollar. They have not a dollar to spend.

Mr. GROSS. If what the gentleman says is correct, then the farm papers of this country are just terribly misinforming the farmers; is that true? The farm press is desperately wrong, if the gentleman's statement is correct.

Mr. BLOOM. I will say that my statement is correct, but please do not try to put words in my mouth that I am trying to say the farm papers are wrong in the information they are giving to the farmers because the farmers in my district will be very angry at me if I said anything of the kind.

Mr. GROSS. I would be very sorry to see that happen.

Mr. KEEFE. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I would like to have the attention of the distinguished gentleman from New York. May it not be that the difficulty that has been complained of, with respect to the alleged utilization of wool and the purchase of other supplies and materials for relief purposes, has been accomplished through the utilization of other funds other than any activity of U. N. R. R. A. because this is the first appropriation that the Congress has made for the implementation of the program of U. N. R. R. A. The only funds they have had up to date, as I understand it, have been some funds contributed by other nations that are listed in the report and for administrative purposes only. The gentleman does not want the Congress to understand that his statement is broad enough to say to the public that there have been no purchases by other relief agencies that are buying materials and shipping them abroad, which are the substance and basis for complaints that have been registered. The fact is, is it not, that funds of this country which have been allocated to the Army and to lend-lease have been used?

Mr. BLOOM. By U. N. R. R. A.?

Mr. KEEFE. Not U. N. R. R. A. Get away from U. N. R. R. A. and forget about it.

Mr. CANNON of Missouri. Then we are getting away from the bill.

Mr. BLOOM. I want to stick to U. N. R. R. A.

Mr. KEEFE. This includes lend-lease, does it not?

Mr. CANNON of Missouri. Debate is on the bill before the House. The gentleman should confine his remarks to the bill.

Mr. KEEFE. Does not the pending bill include an appropriation for lend-lease?

Mr. CANNON of Missouri. The gentleman has been talking about U. N. R. R. A.

Mr. KEEFE. I have not been talking about U. N. R. R. A. or claiming that U. N. R. R. A. has expended a dollar. I just got through saying that U. N. R. R. A. has never received a dollar of appropriation up to this time, and consequently could not make these expenditures.

What I got through saying was, and I hope the gentleman will listen, that the complaints that have been inspired as charged to U. N. R. R. A. have resulted, no doubt, from the activities of other relief agencies that are spending public funds, other than U. N. R. R. A. Do not try to cover the whole situation over by limiting the debate to the subject of U. N. R. R. A.

Mr. CANNON of Missouri. Whenever the gentleman refers to the expenditure of money let him give the sources from which it is supplied, and we will discuss it if it pertains to the bill.

Mr. BLOOM. I want to say to the gentleman, and I hope he will be fair to me, I was only talking about U. N. R. R. A. I had no reference and did not intend to imply that I was referring in any way to anything else but U. N. R. R. A., that is all.

Mr. KEEFE. I think we have the situation clarified.

Mr. BISHOP. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. BISHOP. In the gentleman's statement a minute ago did I understand him to say that a majority of the lend-lease fund was for military expenses?

Mr. CANNON of Missouri. More than half of the supplies that have been allocated to our allies has been military supplies.

Mr. DONDERO. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. DONDERO. I was one who sat in on some conferences in reference to U. N. R. R. A. before the authorization bill was enacted. I voted for that bill and supported it at the time. One of the things in doubt was that a great deal of this original \$1,350,000,000 would be paid by this country by having credited to it a lot of machinery or other equipment that might be abroad when this war terminated or even before it terminated rather than shipping it back to this country. Am I correct about that?

Mr. CANNON of Missouri. The disposition of surplus property abroad is a subject in itself for which legislation is being considered. The money here provided is for several purposes: For the service of the individual in the way of food, clothing, and medicine; for public

health services; and the handling of displaced persons.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. My only purpose in interrupting the gentleman was to possibly clarify something that was stated by the gentleman from Michigan. In section 202 of the present bill there is a transfer of \$350,000,000 from lend-lease to U. N. R. R. A., provided the United States Joint Chiefs of Staff certify that the equipment or other material transferred is not necessary for lend-lease purposes. Then, in addition, of course, as the gentleman knows, there is a \$450,000,000 direct appropriation for U. N. R. R. A.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. BLOOM. That is not in the original U. N. R. R. A. legislation.

Mr. WRIGHT. No. It is not in the authorization.

Mr. DONDERO. Quite true, but in the final result we are to have credit for such equipment as may be abroad, which we will not need, and rather than ship it back to this country we will take credit for it against this original authorization of \$1,350,000,000.

Mr. WHITE. How is that credit to be repaid? With what? You say we take credit.

Mr. DONDERO. Against the authorization we have already made.

Mr. WHITE. The gentleman just explained to the Committee that we are going to send material abroad and it is not going to be shipped back, and that we are going to take credit. Credit presumes that we are going to be paid. What are we going to be paid with and how?

Mr. DONDERO. We take credit against the appropriation and commitment we are making now.

Mr. WHITE. But we will never get our money back.

Mr. DONDERO. That is true.

Mr. CANNON of Missouri. Before we get away from it, and in answer to the suggestion of my friend from Pennsylvania, there are three limitations here upon the expenditure of this additional \$350,000,000 from lend-lease. In the first place it must be needed for lend-lease purposes. In the second place, there must be certification by the United States Joint Chiefs of Staff. In the third place, it must be approved by the Administrator, Mr. Crowley.

These are the conditions precedent which must be met before a dollar of that money can be used. It is hedged about with care and precaution.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for one further question?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. DONDERO. Should the war come to an end in Europe, and Russia should have tanks, planes, and trucks on hand which it had not used, can the gentle-

man give the House and the country any assurance that this Nation will get that material back so we can transfer it to the Japanese theater of war and use it there?

Mr. CANNON of Missouri. As the gentleman knows, title to all of this material is retained in the United States. Under the lend-lease agreements we have the right to recall anything that has not been used up.

Mr. BLOOM. Always.

Mr. CANNON of Missouri. It is ours. It belongs to us. As soon as they are through with it, we can then make any disposition the situation requires. If it is needed by the United States in the Japanese theater of war, unquestionably it can be transferred there; at least we have a right to transfer it there.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I would like to clear up this matter in my own mind. We have here an appropriation bill which provides first, an appropriation for lend-lease; secondly, an appropriation for United Nations Relief and Rehabilitation, and an appropriation for the Foreign Economic Administration.

The thing that is bothering many Members of this House and the general public, may I say, arises out of the lack of understanding as to just exactly what is involved. The contention is made and has been given wide publicity that large sums of money are being spent by lend-lease in the acquisition of food, clothing, medical supplies, and other materials that are needed in these various nations and various countries that are affected by the war, in furtherance of the war effort. That is lend-lease.

Then, in addition, we are now appropriating \$450,000,000 cash and authorizing a transfer of \$350,000,000 worth of lend-lease supplies to U. N. R. R. A., which will be available for expenditure and use when this appropriation bill becomes law. That money will be used by the U. N. R. R. A. organization, which is an international organization, contributions to this fund being made by the signatory nations, and will be expended under the direction of the Board of Directors of this international organization and the Director General for the purpose for which the organization was set up.

In addition to that, however, that does not tell the whole story, because we have appropriated money to the Army, which will be expended by the Army in these nations where they have taken possession, like Italy, where our soldiers have already gone in. The Army is taking care of the civilian population. They are furnishing them with food, medical supplies, and taking care of the rehabilitation, the necessary services, and so on.

I see on page 258 of the hearings the statement that there will be \$562,000,000 requested by the Army in the Army appropriation bill that will shortly come before the House, which is in addition, is it not, to the funds which we are now appropriating for U. N. R. R. A. and

which we are appropriating for lend-lease; so that we have lend-lease with funds available now, have we not, to buy clothing, food, medical supplies, and so on, plus the Army with funds which we have appropriated to them that can be expended for that purpose, and when this appropriation becomes law, U. N. R. R. A. will have funds to expend for the purpose for which the United Nations Relief and Rehabilitation Administration was set up. Is that correct, or is it not?

Mr. CANNON of Missouri. That is not correct.

Mr. KEEFE. All right. Then I would like to have the gentleman point where-in it is incorrect.

Mr. CANNON of Missouri. The gentleman fails to make the fundamental distinction between these various funds. We have the appropriation for lend-lease, we have the appropriation of \$562,000,000 for the Army, and we have the appropriation for U. N. R. R. A. They are different. Lend-lease is for the fighting nations. U. N. R. R. A. is only for the occupied countries which have been released from Axis domination. The funds of the War Department are used in the immediate theater of action where the Army supplies relief needs behind its lines during military operations. In other words, U. N. R. R. A. never goes into any area until it is invited by the theater commander.

Mr. BLOOM. Until the Army goes out.

Mr. CANNON of Missouri. It never goes in until the military says it should come in. It never takes over or interferes or supplants local government. It is purely a service organization; serving by suffrance. First, it must be brought in by invitation of the military authorities. Second, it must be approved and endorsed and retained by the local government authority. There is no conflict, no overlapping jurisdiction whatever between the lend-lease funds, U. N. R. R. A. funds, and military funds. This is fully discussed on page 16 of the committee report.

In connection with what has been said, it might be well to explain a little bit of the machinery of U. N. R. R. A. In the first place, it is purely an international organization. It is not an agency of the United States Government at all, any more than it is that of any of the other 44 nations which participate. It is supported by a contribution of 1 percent of the national income of every participating nation. England has already supplied her full amount of \$320,000,000. Iceland has already supplied \$50,000, her amount. Canada is on the point of supplying her contribution of \$90,000,000. We are now making part of our contribution.

The Council consists of one representative for each participating nation, and it is the governing body. The Director General, who has charge of the immediate administration, acts under its direction. The Council meets twice a year. There is also a central committee consisting of representatives of the United States, Great Britain, Russia, and China. It is an executive committee to act between sessions of the Council.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. As I understand, the basis of contribution for the various countries that signed up under the U. N. R. R. A. is 1 percent of the national income.

Mr. CANNON of Missouri. For the year 1943.

Mr. ROBSION of Kentucky. Our part of that was estimated to be \$1,350,000,000. That was the authorization.

Mr. CANNON of Missouri. That was the authorization for the purpose.

Mr. ROBSION of Kentucky. That was through and by an understanding with the other Allied Nations which signed the agreement as to what each should contribute?

Mr. CANNON of Missouri. The Council which met at Atlantic City agreed upon that at its first meeting.

Mr. ROBSION of Kentucky. If I understand this bill correctly, it authorizes, with certain formalities to be carried on through various agencies of our Government, the transfer of \$350,000,000 from lend-lease to U. N. R. R. A.

Mr. CANNON of Missouri. There is a direct appropriation of \$450,000,000 and a contingent authorization of an additional \$350,000,000 from lend-lease.

Mr. ROBSION of Kentucky. Would that be in addition to the \$1,350,000,000?

Mr. CANNON of Missouri. No; that is a part of the \$1,350,000,000. We are authorized to appropriate up to \$1,350,000,000. We are providing for that purpose in this bill \$450,000,000 new money, and under certain circumstances which will have to be complied with, make an additional \$350,000,000 available from lend-lease.

Mr. ROBSION of Kentucky. So that the \$450,000,000 which is provided by this bill may be augmented by \$350,000,000?

Mr. CANNON of Missouri. Under no circumstances could more than \$800,000,000 be available, and of that, \$350,000,000 could not be used except under the three conditions to which I have referred. That it is not needed for lend-lease, that it is approved by the United States Joint Chiefs of Staff, and that it is approved by the Administrator of the Foreign Economic Administration.

Mr. ROBSION of Kentucky. That would total \$800,000,000 of the authorization of \$1,350,000,000?

Mr. CANNON of Missouri. Yes.

Mr. ROBSION of Kentucky. We are not adding anything to the authorization for U. N. R. R. A.?

Mr. CANNON of Missouri. No; we are not recommending the whole of the authorization. We are providing only a part of it.

May I say in regard to the subject which was brought up on the floor just now that the agreement among the nations is that each nation in the disbursement of its contribution to U. N. R. R. A. may contribute in cash or provide in kind the supplies U. N. R. R. A. wants from it. This means that the money spent from our contribution for wool, to which my good friend from Idaho referred, will be

spent for wool from the United States Government stock pile here in the United States. In other words, we do not even have to supply the money, we can supply the wool from the Government stock pile and it will be credited, as part of the United States' contribution to U. N. R. R. A.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield further?

Mr. CANNON of Missouri. I am glad to yield to my friend from Kentucky.

Mr. ROBSION of Kentucky. The gentleman named some countries that had met their obligations to U. N. R. R. A. What nations have not complied with their obligations to U. N. R. R. A., or what is the number of such nations?

Mr. CANNON of Missouri. The gentleman will find a complete report on that in the hearings. The nations that have not supplied their quota are rapidly taking action to that end.

Mr. ROBSION of Kentucky. Is it not conceded that there will be a number of nations that will either not desire to do it or will not be able to comply?

Mr. CANNON of Missouri. There is no suggestion that any nation might not desire to do it. Whether or not local economic conditions would interfere with their payment depends on circumstances sometimes beyond their control, but certainly every nation desires to do as it has agreed and will carry out its commitments in full if possible.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Nebraska.

Mr. BUFFETT. If an individual borrows \$5,000 and has an income of \$10,000, or a total of \$15,000, the \$5,000 he borrows is not included in his income. If a corporation borrows money that is not included in its income. Yet in our figures with respect to U. N. R. R. A., \$50,000,000,000 of borrowed money is included in our income.

Mr. CANNON of Missouri. It is unnecessary for us to go into that as the amount has been estimated by economists and there is no disposition to dispute their findings. I may say, however, if the United States, having taken the lead in frequent protestations of a desire to be helpful in bringing conditions back to normal following the war, should now renege, we would be in the position of the sanctimonious deacon who rises in the amen corner and exhorts the brethren to help the poor, and then refuses to give a cent.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Colorado.

Mr. HILL. The gentleman knows that I appeared before the committee and asked a question concerning the use of domestic wool in connection with the woolen goods given to the people in other countries through U. N. R. R. A. Have those who have the power to purchase been instructed to use domestic wool because of the fact that we have such a tremendous stock pile of wool and still are importing millions of pounds of wool,

although I do not know whether or not that is necessary? At the end of this year we shall have a stock pile of probably 2,000,000,000 pounds of wool. May I ask the chairman if he really got any satisfaction out of the persons who purchased the goods for U. N. R. R. A.—any promise or any statement that would lead him to believe that they expect to use domestic wool?

Mr. CANNON of Missouri. I am not familiar with the statistics that the gentleman quotes. I think it is generally understood that under the U. N. R. R. A. agreement the contributions of the various member nations would be used by the contributing nation for the purchase of commodities in its own country when they are available and only under exceptional circumstances, such as shortages in that country of the things that U. N. R. R. A. would like to have from it, would the contribution of that country be used for the purchase of any commodities in another country. Take our own country, for example, and the case of wool. There is no question whatever, but that every pound of wool which will be necessary in the administration of U. N. R. R. A. and for which the United States pays will be taken from Government stock piles—from the wool that we already have on hand.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Nebraska.

Mr. STEFAN. We all know the tremendous surplus of wool that we have. I am glad the gentleman has brought that out. What would he say about the tremendous surplus of eggs and the tremendous surplus of fats? Would the money we are appropriating be available to purchase this surplus of fats and surplus of eggs in the United States? You mentioned wool; how about other surplus agricultural products?

Mr. CANNON of Missouri. In the discussion of this subject I am not going to go into the realm of the altruistic or the sentimental. I am not going to go into that question propounded with such authority more than 2,000 years ago, "When saw we Thee anhungered and athirst, naked and a stranger, sick, or in prison?"—although if that inquiry ever applied to a situation it applies here today. I am not going to go into that phase of this legislation or into its application, although in all of the illimitable vistas of Holy Writ there is no more profound statement than the answer to that question. But I will say that no nation that is civilized, much less a nation that is Christian, will stand by under world conditions today and sneeringly proclaim that it is not its brother's keeper. I am not going to go into that phase of it. On the contrary, I am going to discuss it from the cold, hard-boiled, materialistic position of the man who is interested only in the hard cash—in Shylock's pound of flesh. In the post-war period, to which much of this applies, the greatest needs of this country will be two things: Jobs and markets. War factories will close. Servicemen in the armed forces will come home. The demand will be for jobs.

Unless every care is taken in demobilization, there will be the highest percentage of unemployment this country or any other country has ever seen. At the same time we will be confronted by vast reserves of surplus supplies of every character—both industrial and agricultural products—which will overhang the market and clog the avenues of trade and paralyze production and distribution.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my friend from Nebraska.

Mr. STEFAN. I am very much worried when the gentleman uses the words "cold and materialistic." He perhaps left the impression that I, who asked the question, am cold and materialistic. I think the gentleman did not mean that.

Mr. CANNON of Missouri. Far from it. On the contrary the gentleman has always exemplified the highest ideals of philanthropic statesmanship. No man in the House has rendered greater service in that respect. I am in complete accord with the position which he takes and have merely prefaced my remarks in order to indicate my agreement with the gentleman's position.

Mr. STEFAN. I merely want to say to the gentleman, he and I realize the tremendous amount of food we have stored up here which is liable to go to waste. For instance, on the egg proposition, in which I am tremendously interested, eggs are going to tankage and eggs are being fed to hogs. There is a tremendous amount of surplus wool and a tremendous amount of fat. Packers are liable to come out some day and refuse to take our hogs. I am wondering how much money is provided here to purchase agricultural products to feed them to these people over there who need to eat to keep alive. Will the gentleman explain that to us?

Mr. CANNON of Missouri. The gentleman referred to eggs. We have so many eggs on hand—7,500,000 cases more than was anticipated—that now we are turning eggs into tankage and feeding them to livestock. Representatives of the War Food Administration testified that if it were not for the support given the egg market by the Government, eggs would be selling today at 5 cents a dozen. The only reason they are not 5 cents a dozen is because the price is being supported. But in order to support the market, the Government must buy them. Now all cold-storage plants are full to capacity and there is no outlet for them. Here, under this bill, we are offered through U. N. R. R. A. a market for our indisposable surplus and at the same time a protein food desperately needed by people across the sea.

Similarly, we have so much fatback on hand that the packers are threatening to discontinue slaughter until the Government buys and moves out the surplus supply of fatbacks—a food Europe needs and which will meet the requirements of starving people who will be served by U. N. R. R. A. Prime lard is being turned over to the soap makers because we have such a huge surplus on hand that there is no other outlet for it. We have six

times the amount of wool on hand today that is needed for our normal reserves.

U. N. R. R. A. offers a market for each of these products. The purpose for which we are spending money is to provide relief abroad, but incidentally we will be helping ourselves by finding markets so desperately needed for these huge surpluses on our hands, so that we can start over again and provide jobs for men and markets for industry and farm products.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. In connection with what the gentleman has so wisely pointed out I think it is also proper to observe that of the signatory nations to this U. N. R. R. A. agreement, only this country, with the exception, of course, of some of the South American countries, is in a position to sell these various food products, because the other nations, even though they may not be occupied by the enemy, are not in any position, at least for the first year, to furnish the various food supplies to the nations of the world.

Mr. CANNON of Missouri. That is true. All of this material will not be distributed gratis to foreign nations. Some of the nations which are overrun by Axis Powers have gold reserves and exchange, and they will pay for it, but as the gentleman from Pennsylvania [Mr. WRIGHT] says, those who are able to pay for it will not have the facilities, will not have them immediately available when needed in order to deliver the goods at the time and at the place required.

We must understand that we must be ready when the crisis comes. A difference of a week may mean starvation for thousands. We must begin to prepare immediately. We must let contracts, make purchases, and provide transportation. All details must be arranged in advance so that when the emergency comes there will be no delay.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. GROSS. Then the thought you are conveying here about this market is this, is it not, that we farmers will have a market in the Government who will buy our products with our tax money to give away? That is the way the market will be made for us, is that the fact?

Mr. CANNON of Missouri. I understand the gentleman's position. Cash in hand regardless of who is starving. Cash in hand regardless of the child that lies on the roadside over there. But even from that point of view we are going to put cash back in the gentleman's pocket. We are not going to permit him to be too charitable. We will give him back what we can.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. MILLER of Nebraska. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I want to get back to the problem of lend-lease. I

am not clear about these products. Can the gentleman tell us, Are the lend-lease products that go to these countries strictly for the military, or do some of those products find their way to the civilian population by being sold to them?

Mr. CANNON of Missouri. Is the gentleman discussing lend-lease?

Mr. MILLER of Nebraska. I am speaking of lend-lease; yes.

Mr. CANNON of Missouri. Of course, lend-lease is furnished to the country, and we get in return reverse lend-lease, as far as they can give it. We are today receiving constantly increasing amounts of reverse lend-lease commodities and services.

Mr. MILLER of Nebraska. Do they sell some of the products to the civilian population?

Mr. CANNON of Missouri. Certainly.

Mr. MILLER of Nebraska. Do those nations then sell it to the population in their own country?

Mr. CANNON of Missouri. That matter has been discussed for 3 years and has been so frequently explained, under charges that England has sold goods to her people at a profit and put the money in her pocket, that it is unnecessary to explain it further. There is absolutely no reexportation of lend-lease without our approval. All such transactions with the British are governed by the Eden white paper, which has been repeatedly published in the lend-lease reports to Congress.

Mr. CALVIN D. JOHNSON. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. CALVIN D. JOHNSON. It was brought out a short time ago that the entire catch of the fisheries in Iceland was purchased with American funds and turned over to England, and England, in turn, sold them to the people and put the money in their Exchequer. What does the gentleman call that?

Mr. CANNON of Missouri. It has been explained so often and so fully on this floor when lend-lease bills were under consideration that no foreign government profited 1 cent from any distribution of lend-lease that it is unnecessary to repeat it now. It has been said—and I will give the gentleman authority for it—that these lend-lease funds have been used to fight our own battles, to shorten the war, and to save lives of American soldiers.

Here is an editorial on the subject from the Manchester Union-Telegram. "Lend-lease have saved American lives and is helping today to shorten the war. Its use and indispensability are beyond doubt."

And here is a further editorial quotation from the Worcester, Mass., Telegram: "In spite of persistent attempts by some to show that lend-lease is an instrument we are using to fight Russia's war or England's war or China's war, it must be realized that it is primarily a weapon to fight our own war."

In conclusion, Mr. Chairman, let it be remembered that the appropriations carried by this bill are proposed on the recommendation of the highest military

authorities, as shown in the hearings, and by the United States Department of State. In this connection I include a letter from Hon. Cordell Hull, Secretary of State, as follows:

DEPARTMENT OF STATE,
Washington, June 2, 1944.

MY DEAR MR. CANNON: I understand that your committee has under consideration the proposed appropriation of funds for the United States contribution to the work of the United Nations Relief and Rehabilitation Administration, as estimated in the communication from the President dated May 3, 1944.

I am writing this letter for the purpose of earnestly urging upon your committee the necessity of prompt action with respect to our contribution to U. N. R. R. A., as proposed in the pending legislation. In my opinion, nothing could be more damaging to our plans for bringing relief to the long-suffering millions of Europe than to have any delay in the voting of funds for U. N. R. R. A. as proposed. Although, for reasons of military necessity, our armies will have responsibility for civilian relief during the period of military control of the areas liberated by our armies, this factor, as has been explained before your committee, has naturally been taken into consideration in making the initial request for funds for U. N. R. R. A.

The United States has exercised leadership among the nations of the free world in bringing this organization into existence. The work of bringing relief to the starved and devastated lands of Europe is of an importance which is second only to the winning of the war. Unless the United States fully backs this organization, we cannot successfully achieve the great purpose behind its creation nor will we be fulfilling our responsibilities of leadership in reestablishing a stable world which is the first requisite of any lasting peace.

I trust, therefore, that in our own interest as well as for humanitarian reasons the Congress may proceed without delay with the appropriation.

Sincerely yours,

CORDELL HULL.

Let me say further, that the eyes of the world are on the House of Representatives today. If, after the assurances repeatedly given subjugated nations through every avenue of communication from the beginning of the war, that liberation from Axis domination by the Allied forces mean freedom and food and the opportunity to reestablish their violated governments and institutions, the United States on this first opportunity to carry out its commitments, refuses to make the appropriation we have pledged our Government to make, Hitler's microphones will be the first to broadcast the news to the despairing masses of Europe and Asia. The news of any failure on the part of the American people to meet these obligations to the letter will discourage our friends and hearten our enemies and not only prolong the war but will complicate immeasurably the problems of post-war adjustments.

The CHAIRMAN. The gentleman from Missouri has consumed 1 hour.

Mr. TABER. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman lend-lease at the present time is an item that is nothing more than we had in the last war when our Army was producing and turning over to other armies all sorts of things, all sorts of supplies that were required. While there was a charge made to the other

countries for the items very little if any of it, was repaid. Some of them did not want to and some of them could not.

Lend-lease, in my opinion, would have to be based upon the testimony as to what their requirements are. I do not think there is any question but what we have to go on with it. I am in a position where I cannot take a position on the amounts that are brought in in this bill, in either direction, because there were certain figures that were given us which looked to me to be excessive. I took the matter up with the representatives of the departments and we were to have a statement on it last evening. The statement has not yet arrived, although we have been promised it sometimes this afternoon. Therefore, for a complete statement of complete position on the question I must wait until tomorrow and take some time then.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CALVIN D. JOHNSON. A moment ago I tried to make a statement relative to reverse lend-lease and to inform the gentleman from Missouri [Mr. CANNON], that in British Samoa, under reverse lend-lease, we are billed \$8 for every tree that we cut down in order to make room for our barracks, for our air strips, after we chase the Japanese out. In French New Caledonia we were billed \$18 for each tree we cut down. That is the type of reverse lend-lease that is coming back to America.

Mr. TABER. I rather anticipate that a good deal of lend-lease is put in at somewhat liberal figures, on the other hand, I know some of it is coming in a way that is quite helpful to the war effort. I do not know how they handle things in Britain, but my understanding is they have taken care of sites and that they are providing a great many of the fresh vegetables and that sort of thing that our troops are being served.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. O'HARA. The gentleman has disclosed to the House that he has been unable to get certain information and figures from the proper officials in connection with this bill. Does he refer to lend-lease and U. N. R. R. A.?

Mr. TABER. Both; for instance, there was \$158,000,000 in one item for lard. I changed the tons to pounds and then divided the pounds into the \$158,000,000 and arrived at a price of 18 cents a pound. I looked at the New York paper as of that date for the New York market price and found it was 13.27 cents. I immediately asked the representative of the Department about the price and was informed that it was something like 14 cents; I cannot tell exactly. At that price the total figured at \$98,000,000. I have been told that the price was higher because it had to be packed in a certain way. On the other hand, the New York market price of approximately 13¼ cents a pound made me curious. We were promised an explanation, but it has not yet arrived, and this is the reason I cannot take a position with reference to

it. It may be all right; I do not know; but on the other hand I feel we ought to know before we get to voting on the bill. I shall tell the House tomorrow just what I find out.

Mr. O'HARA. Mr. Chairman, will the gentleman yield further at that point?

Mr. TABER. I yield.

Mr. O'HARA. How many pounds of lard would the \$158,000,000 buy at that price?

Mr. TABER. It would buy a lot.

Mr. O'HARA. I wonder what they are going to use it for.

Mr. TABER. It goes to different places.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CANNON of Missouri. The question, of course, is not how much lard that will buy; the real question is how much lard that will deliver at shipside ready for transportation and delivery abroad, which is always in excess of the open market price, as the representatives testified when they appeared before us. As the gentleman from New York stated, this data will be supplied us in detail showing how much was actually paid for the various commodities and how much additional was necessary for packaging and delivery ready for transportation at shipside.

Mr. TABER. The number of pounds must be very considerable; it would run between 825,000,000 and 850,000,000. It does not all go to the same place, of course.

Mr. O'HARA. Is there a tremendous surplus of lard for our domestic and war uses?

Mr. TABER. Lard is a drug on the market today; it is such a drug on the market that they have been releasing lard for the manufacture of soap, which is a very unusual situation.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. CANNON of Missouri. Here is the information the gentleman requested from the Department, contained in this table of figures.

Mr. TABER. I do not believe I would dare attempt to analyze it on the floor without looking it over, but I shall do that, and I will take some time tomorrow to go into it.

Mr. BISHOP. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. BISHOP. The chairman of the Committee on Appropriations said a few minutes ago that a great majority of lend-lease funds has gone to military use. According to the fifteenth report on lend-lease operations by the President, made on March 31, 1944, only 53 percent was used for military items, 21 percent for industrial items, 13 percent for foodstuffs, and 13 percent for services rendered. Along that line, does the gentleman believe a greater percentage will be used for military purposes under this appropriation?

Mr. TABER. A person cannot tell anything about those figures because a great deal of this stuff that is sent over to England, a considerable portion of

that sent to Australia, a considerable portion of that sent to north Africa is in turn used by our own forces so that one cannot tell anything about what is really military and what is not from this report. It is absolutely impossible for anybody to follow those things through. Perhaps some day we may have an ultimate report on it, but during the progress of the war I do not see how it can be done.

Mr. BISHOP. Mr. Chairman, will the gentleman yield further?

Mr. TABER. I yield.

Mr. BISHOP. Does the gentleman believe this will in any way duplicate the program of U. N. R. R. A. in the matter of foodstuffs which is shown here at 13 percent? Will there be overlapping?

Mr. TABER. I would say that at the present time and until portions of continental Europe can be liberated and turned back to civil establishments to run without absolute control on the part of the military, there is not a big field for U. N. R. R. A. to operate in. U. N. R. R. A.'s problem at the present time is taking care of a comparatively small number of people in north Africa and taking care of the job of getting ready for going into the Continent when it is liberated. As far as actually distributing anything on a large scale is concerned, they are not near to that position and cannot be until the military is ready to move out.

Mr. Chairman, I might perhaps describe the situation a little more fully and I believe I should do that so that the thing will be perfectly clear. The Army has an estimate in here, and I expect the amount will be included in the military appropriation bill when it is reported out next week of \$562,000,000 to take care of relief and that sort of thing as it goes along into Europe or any other country that it may go into. That is supposed to be based on what they might require down to the 1st of January next. The question involved with reference to what U. N. R. R. A. might have to do will come up when the enemy collapses sufficiently in Europe so that the Army will feel that it can safely turn the territory over to U. N. R. R. A. U. N. R. R. A. is supposed to be taking care of communities that are under their own civil establishments without absolute control on the part of the military and it is for that reason the approach to this problem is very difficult. No one knows when Germany is going to collapse. If she should collapse tomorrow things would crowd in pretty fast and we would be dependent on the organizations that the Army has set up for the time being. If it should be a year from now they probably will not need any substantial amount of these things, but they will probably have to be diverted to other use.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. ANDREWS of New York. I wonder if I understand correctly that the Army has its fund which, if it sees fit, it will use for purposes similar to those of U. N. R. R. A. where the Army is in control?

Mr. TABER. That is correct.

Mr. ANDREWS of New York. Thereafter when they release control of any country or area to its civilians or whatever authority may be in control, then it would come within the purview of U. N. R. R. A. as we know it?

Mr. TABER. Yes. I am going to describe this situation in Sicily and in southern Italy for a moment so that the Congress may have a picture of what the actual situation is and how this thing works. The Army, if I remember correctly, moved into Sicily a little over a year ago. Maybe I am not quite right on that. Then it moved into Italy proper on about Labor Day last year. My understanding is that the Army so far has taken care of all requirements for relief and that sort of thing that have been taken care of in Sicily and in southern Italy.

My understanding from the report and from the testimony, as I remember it, is that the people in Sicily and in southern Italy have had to be taken care of after invasion and at the expense of the United Nations armies for a couple of weeks following invasion. After that period all of the able-bodied group have been able to take care of themselves because there is plenty of work there and they not only have begun to work and earn their own living but they are paying taxes to their localities which are in the process of repairing the roads and bridges with the funds that have thereby been collected. The only ones they have had to feed and clothe at public expense has been the decrepit and those who were absolutely destitute and unable to work.

Mr. BISHOP. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. BISHOP. As I understand it, the Army is handling U. N. R. R. A. up until the time it may be replaced by a U. N. R. R. A. trained group from this country; is that correct?

Mr. TABER. Well, I do not know anything about a U. N. R. R. A. trained group. All I know is that we were told U. N. R. R. A. was not going to move in until the Army felt that the military necessities had ceased to require that the Army keep absolute control of a particular area or territory. That is as far as I can go in answering the question.

Mr. BISHOP. My thought about that is this: True, they will accept our military supervision, but I am wondering what those countries will have to say when they are back to what the gentleman referred to as rebuilding their country, to have us move in to distribute to them and to tell them what to do?

Mr. TABER. I am going to state how things are operating in north Africa. There the only thing we are doing at the present time is bringing supplies in that are needed for the civilian population, largely through agencies of their own creation in that territory, selling those goods to the public so that they may have clothing and food to buy. In other words, we are acting as merchants without profit rather than anything else. I understand that same operation covers 75 or 80 percent of the operations of the Army in Italy today. That is, at least 75 percent or 80 percent of the goods that

are turned over to those people in this so-called relief operation are being paid for by the people who get them. They have not any other way to get them than to have our Army handle the goods.

Now, I think I ought to say a word or two about the men's clothing and shoe proposition so that we may have that complete.

I do not know whether this is in the hearings or not, but I have been told by responsible authorities that they are taking old army shoes that are so far gone the troops cannot use them, and they are spending a little money on them fixing them up so that these people who do not have anything of that kind can get along with them. That is where most of the men's shoes are coming from that are being used at the moment.

It is not felt that high priorities can be given for first-class shoes to be used for this purpose so long as the Army requires as large a percentage of the leather as it does. The same way with the clothing. They are fixing up old things that those people can use rather than attempting to go into the market and buy new ones. I do not understand the picture exactly as far as the women's clothing is concerned. I understand that a good deal of cotton goods for both men and women is now being purchased. I do not understand that part of it, but the woolen goods and the shoes I have described.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. O'HARA. Can the gentleman inform us to what extent we are going to be called upon to furnish various articles, such as shoes and clothing?

Mr. TABER. The requirement for furnishing food and clothing is going to be a good deal heavier after the military operations have ceased and the heavy military demand for such things as woolen clothes and leather has dropped off. I would expect that that demand is going to be quite heavy.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. TABER. Mr. Chairman, I yield myself an additional 10 minutes.

Mr. Chairman, I feel that I should say this. I know from other sources that France has a very large amount of gold to her credit here; I know that Holland and Belgium have. Between the three countries they have several billion dollars. Denmark has some, and so has Norway. It is my understanding that where these people have funds available, they expect to pay, and that is the basis of this whole arrangement and whole set-up. How much of it will come back nobody can guess. No one can make an intelligent statement on that at this time. The whole picture over there is so confused that until military operations have advanced further than they have, and we have some idea of what conditions are in those countries, or what they will be when the Germans are driven out, no one can give you an absolutely accurate picture of the situation, and you cannot expect them to.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Under what appropriation is the U. N. R. R. A. office functioning today?

Mr. TABER. It is not functioning with any funds supplied by this country. As I understand, two or three countries have made some contributions to U. N. R. R. A., and they are paying salaries to people on their pay rolls here in the amount of two or three hundred thousand dollars a month, as well as some people abroad. Just how many, I do not know.

Mrs. ROGERS of Massachusetts. My understanding is that British money is being used at the present time for the office of U. N. R. R. A.

Mr. TABER. I think there is one other country that has contributed something.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Does the gentleman have any information concerning the school now being conducted at College Park, Md., Maryland University, where those who are to administer these funds are being schooled?

Mr. TABER. No; I have no information. Has the gentleman any?

Mr. CANFIELD. No; I have not, except what I have read in the press. I believe at the present time there are some 60 men and women out there receiving some schooling. They have to do with the administering of this fund of U. N. R. R. A.

Mr. TABER. I would not know anything about that.

Mr. RANDOLPH. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from West Virginia.

Mr. RANDOLPH. As I understand, it is the gentleman's viewpoint that this legislation is desirable but that you have to take a great deal on faith because our program has not actually begun and because we do not know the reaction of the countries where our money will participate in their rebuilding; is that correct?

Mr. TABER. I do not know. I think we have to continue lend-lease. I think we have to do something with U. N. R. R. A. What we will have to do, until I am able to analyze these figures that I have been supplied with just now, I would not want to say. I would rather know a little about what I am talking about before I make a statement on that.

But I do say that the conditions over in Europe are such that no one in the world can tell you just how much we will have to do, or how much we should do, or just what part of it we should ultimately attempt to pay. I do not know how that question can be answered at the moment. I think that those people who have the money to pay with should pay for the stuff. On the other hand, we have to see to it that they do not starve.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. VORYS of Ohio. As I understand, our Army is going to have \$562,000,000 for relief purposes behind our lines. Will there be comparable funds to be used by our allies behind their lines for relief purposes? Have the military leaders decided in any way about dividing up the relief job behind the various lines insofar as it is a military proposition?

Mr. TABER. I understand that the British are carrying a part of the burden. Just how much, I do not know.

Mr. VORYS of Ohio. Would there be any way for us to find that out?

Mr. TABER. I think so. I think maybe I could have that for you in the morning.

Mr. VORYS of Ohio. If we do not have any understanding with our allies as to a division of the military phases of relief work, which would correspond to this half a billion, and we do have an understanding with them as to sharing the burden of the U. N. R. R. A. work, there might be necessity for emphasizing U. N. R. R. A. rather than the military phase, in that under U. N. R. R. A., in the civilian phase of it, we would get some help, and for the other phase of it we might not get any help. I wonder whether the figures would show that.

Mr. TABER. I think it might be interesting to have the figures, but none of us would want our military leaders to give up control of an area before it was safe for them to do so from a military standpoint.

Mr. VORYS of Ohio. Whether we want to or not, they are not going to do it.

Mr. TABER. No.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. CALVIN D. JOHNSON. With the \$1,350,000,000 that we have authorized for U. N. R. R. A., in addition to the approximately half a billion, that brings our contribution to relief in Europe to \$1,800,000,000.

Mr. TABER. It would be way beyond \$2,000,000,000, because it has been going on ever since we landed in north Africa and in Sicily and Italy. Five hundred and sixty-two million dollars is for operations from July 1 to January 1 next.

Mr. CALVIN D. JOHNSON. I am very much interested in the point raised by the gentleman from Ohio as to the proportionate share carried by our allies in carrying forward the relief.

Mr. TABER. I think we could find that out.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from South Dakota.

Mr. CASE. May I ask the gentleman if the committee gave consideration to the language which was added in the Senate, I believe, at the time the U. N. R. R. A. bill was passed, proposing that in the case of the United States the appropriate constitutional body to determine the amount and character and time

of the contribution of the United States is the Congress of the United States? I ask the question with particular reference to the wool situation, having in mind that under the language "character of the contribution of the United States" a part of our contribution might be made in the form of wool stocks now owned by the United States Government, through either the Defense Supplies Corporation or the Commodity Credit Corporation.

Mr. TABER. That matter was brought up; yes. It was talked over. I think there is some testimony on it. But there was no provision put in the bill by the committee on that.

Mr. CASE. Does the reference in the committee report to some \$65,000,000 being available in the nature of supplies refer to the lend-lease items?

Mr. TABER. In the post-preparatory period they are asking in this bill for authority for transfer of funds or materials from Lend-Lease which might run into \$65,000,000. That includes \$21,700,000 for 61,740,000 pounds of raw wool, and \$43,200,000 for 78,363 metric tons of raw cotton.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Does the gentleman feel that the amount of the authorization for Lend-Lease is lower as a result of the appropriation for U. N. R. R. A.?

Mr. TABER. I do not think so. I think the very fact that there is a suggestion here that we might have \$350,000,000 transferred from Lend-Lease is an indication that Lend-Lease is being provided for at a figure which would permit that if there should be a sudden break in hostilities.

Mrs. ROGERS of Massachusetts. In committee I could not find that that was contemplated, but I should think it might well be.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, I had not intended to speak today, but there were some questions asked of the gentleman from Missouri [Mr. CANNON] and I felt that perhaps in a small way I could clear several of them up in a manner in which they have at least been cleared up according to my own satisfaction.

First, I should like to remark about what I consider the fundamental philosophy for lend-lease. I think that we quite frequently make the mistake of considering lend-lease as a debtor and creditor relationship. By lend-lease we put our weapons into the hands of our allies so that they may use them against our common enemy. In so doing, I think, it is pretty generally understood that we are saving our own soldiers and our sailors and our marines, and that we are in the meantime integrating the fighting forces of America and her allies as a more efficient weapon for victory.

I think that we must remember the essential nature of lend-lease when we

begin to consider what is going to be done with lend-lease balances, and that is that lend-lease is not a debtor and creditor relationship.

Secretary Stimson testified before the Committee on Foreign Affairs that he considered lend-lease as a very potent and a very flexible weapon for victory. He said that there had been a notorious lack of cooperation among allies generally throughout history, and he quoted Napoleon as saying that he would like himself to fight against nations allied with one another because it was fairly certain that before the war had progressed very far the allies would start fighting among themselves and thus he would be able to conquer them one by one.

Lend-lease involves the principles of mutuality, of common endeavor, of the recognition by all the embattled nations that their entire economy and their entire manpower must be dedicated to the task of defeating the enemy.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Minnesota.

Mr. O'HARA. Can the gentleman tell us whether or not lend-lease materials have gone to nations which are not engaged in this war?

Mr. WRIGHT. Yes; they have, but I would say that the great bulk of lend-lease materials has gone to nations which are actually fighting.

Mr. O'HARA. Can the gentleman tell us any reason that would justify the giving of necessary war materials to countries that are not engaged in the conflict?

Mr. WRIGHT. I think I can, at least to my own satisfaction. We are giving some lend-lease materials to South America, for instance, in a very small manner. The South American nations that are getting these lend-lease materials are cooperating with us in winning the war. This is a world war and a total war, and it is being waged not only by the armies fighting in the field and the navies fighting on the seas but also by those nations who join with us economically and who keep the Axis from their own shores.

Lend-lease exports to Central and South American countries totaled less than \$128,000,000 at the end of 1943. Of this amount, Brazil has received over 60 percent. The program for these republics is designed to strengthen our Western Hemisphere defenses and to encourage their production of war materials essential for our use. In return these countries have equipped antisubmarine patrols to help protect our merchant ships, and they have permitted the construction by us of bases in their territory and the use of their harbors and exports.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield there?

Mr. WRIGHT. I shall be very happy to yield.

Mr. CANNON of Missouri. In addition to submarine patrols, to which the gentleman has referred, Brazil, for example, has equipped and is maintaining divisions of troops which are ready and prepared for service. In their maintenance of submarine patrols citizens of

South and Central America have lost their lives and our lend-lease, as far as they are concerned, is purely, entirely, and exclusively in the nature of military supplies.

Mr. WRIGHT. I think that is correct. Brazil also is protecting our lines of communication to Africa and thus giving us very valuable aid in fighting the war.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. VORYS of Ohio. I think it also ought to be stressed that lend-lease agreements with our South American neighbors are different from those with other United Nations in that there is a specific agreement for a quid pro quo in each agreement, although the amount of payment is a military and diplomatic secret.

Mr. WRIGHT. I think there is an essential difference; yes.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I shall be happy to yield to the gentleman.

Mr. SCRIVNER. Taking into consideration the remarks the gentleman has just made and the remarks, if I recall them correctly, which the gentleman made on April 17 and 18, am I to assume now that I can tell the people of my district that it is not lend-lease, but that it is "give away," and there is no hope of salvaging, or, you might say, collecting any of these amounts from these allies of ours at all?

Mr. WRIGHT. Precisely the opposite. If I may reply to the gentleman, the agreements between the United States and the other nations provide by specific provisions in all the different agreements that any unexpended lend-lease equipment in the hands of our allies at the end of hostilities should be returned to us. Now, I think I said the other day, and I think I recall the statement to which the gentleman refers, that is a matter of policy for us to decide at the time, whether it is better for us to bring those supplies back over to this country or dispose of them in some other manner.

Mr. SCRIVNER. If the gentleman will yield further, as I have his statement, he made the statement, "We make a great mistake if we consider the people who are the recipients of lend-lease as our debtors," and then he made another statement.

Mr. WRIGHT. That is right. I believe that is right.

Mr. SCRIVNER. Then another statement which I recall the gentleman made, "These charges, about which we were then speaking, will never be collectible."

Mr. WRIGHT. I do not remember whether I said just that. But we have to make a distinction between our legal position and our practical position. Legally we have a right, under lend-lease agreements, not only to bring back all the equipment, but to charge our allies, if you please, for every penny that we have given them by way of lend-lease equipment.

Mr. SCRIVNER. That is just exactly the point.

Mr. WRIGHT. Whether we are going to do it or not is another matter. I do

not have the say-so on that and neither does the gentleman. But it would be improper if we try to treat Russia and England, who have lost so many men, as plain debtors and try to squeeze our pound of flesh out of those countries.

Mr. SCRIVNER. We have lost men, too.

Mr. WRIGHT. I know that.

Mr. SCRIVNER. That was the point I wanted to know, whether or not there was any idea that we would or would not seek any collection of these debts.

Mr. WRIGHT. I think that is a matter for the future. I say, we have the right to collect it if we want to.

Mr. BUFFETT. Mr. Chairman, will the gentleman yield to me?

Mr. WRIGHT. I yield.

Mr. BUFFETT. Does the gentleman not think if we are not going to collect these debts, some more accurate and some more forthright title should be secured for this program other than lend-lease, because the word "lend" in the dictionary means something you are going to get back?

Mr. WRIGHT. The title of lend-lease, I might say to the gentleman, was the title that was given to the program in the debate. It is by no means and in no way an official title. It was the title given to it by the gentlemen of the press who were writing about it. H. R. 1776, as I remember, was entitled "An act to provide for the national defense, and for other purposes."

Mr. BUFFETT. It is reported to the American people as lend-lease, and the American people understand a loan as something you get back. Should there not be some steps taken to correct that impression?

Mr. WRIGHT. If the gentleman will introduce a bill to that end, perhaps I can support it.

Mr. BUFFETT. It would be very strange.

Mr. WRIGHT. I say legally we can get every penny back if we want to. Now may I proceed a little bit further, if I have answered the gentleman's question? We are going to have goods and equipment in these countries after the war and then we are going to be faced with the problem of what is the wisest thing for this country to do. That is not a decision we have to make now. I pointed out that legally we had the right to recover all of that equipment and legally we had the right to get back any money and any goods and any balances that remain after the amount that has been given to us by our allies under reverse lend-lease is deducted. I think we make a good start as to this provision in the present appropriation bill. Remember, U. N. R. R. A. does not take effect in any country until the military have left it and have said it is sufficiently safe to be entrusted to civil authorities. Undoubtedly, in the different theaters of war we are going to have various types of equipment, possibly various foods, and various materials which are right on the ground, which may very practicably be transferred from lend-lease to U. N. R. R. A. Of course, before that is done we have to have the certificates of the men who are

in charge of our armed forces that such material is no longer necessary for military purposes. Now another question raised by one of the gentlemen relates to the disposition that is made of foodstuffs by Great Britain, which we have supplied them under lend-lease. Complaint was made that those foodstuffs were sold by Great Britain to the British people.

Now, whatever happens within a nation, within its own economy, is an entirely different matter, I tried to point out once before, from a transaction between a country like England, for instance, and a foreign country. If England would sell for cash or for credit to some foreign nation any of the goods which we furnish her under lend-lease, we would have a legitimate objection. It would be a situation in which we were not being treated fairly. But our lend-lease agreement with Great Britain provides she shall not export any goods which we ship her under lend-lease or any similar goods to any other country. Now, how is England going to dispose of this food which she obtains as a nation under lend-lease from us? Remember, every dollar is entered on this balance sheet between England and the United States, which is constantly being carried under lend-lease and reverse lend-lease. And how is she going to dispose of it? Is she going to give this food gratis to her people? What difference does it make to us as a nation whether she disposes of the goods gratis to her people or whether she charges them for the goods? Is not the sales price in the nature of a tax or similar to a tax to help her to defray the conduct of the war? What difference does it make to us or our economy whether the British people are being charged by the British Government for the food which they eat, or whether they are being given it as a donation from the British Nation?

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 additional minutes to the gentleman from Pennsylvania.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. CALVIN D. JOHNSON. You stated it should make no difference to us whether she gives the food and materials to her people or sells them to her people. Probably that would apply to the original allocation of funds or of food. But if the original allocation, we will say, of \$2,000,000,000 is sold to the public, we have established a revolving fund so that they can purchase other food in our country or somewhere and sell it to her people. Does it not mean that we would continually take from the taxpayers of America funds to purchase food and give the proceeds to them and we would be establishing a revolving fund by which they can sell them and keep operating?

Mr. WRIGHT. I see the point the gentleman is driving at. I do not think any such custom is being indulged in. But perhaps it is a good thing that we retain our legal rights under the lend-lease agreement, as we do. I can see where they could bolster their own econ-

omy by our giving them credit under lend-lease. But, as a matter of fact, let me point this out to the gentleman, which I think is rather indicative of the share which the various nations are bearing in the conduct of the war. You cannot balance the expenditure of flesh and blood against the expenditure of money. We cannot say that Russia has not given as much or maybe more in this war than any other nation that has been engaged in the war, with the possible exception of China. The only way to gage the respective war effort of the nations or make a comparison as to what the various nations have contributed to the conduct of the war, and the only comparison between their good faith in fighting the war, as I see it, is on a financial basis—and it is an imperfect basis—is to try to determine how much of their total income they are putting into the prosecution of the war.

I have the figures here. I was a little more familiar with these figures a few weeks ago. At that time I believe America was expending in the prosecution of the war, including lend-lease, 47 percent of her income. The United Kingdom was expending somewhere in excess of 50 percent. Russia was expending something over 51 percent of her total national income.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. CALVIN D. JOHNSON. I do not think there is any disagreement or distinction on the part of the American public toward making contributions to those nations that are actively engaged in the war, but the gentleman states that we could not weigh flesh and blood against cash and I agree with the gentleman on that. But does not the gentleman believe, following his own line of thought, that it would be well to limit the expenditure of funds to nations that are actively engaged by participation in the war?

Mr. WRIGHT. If I may answer the gentleman I will try to explain the way it appears to me. There is always a question in your own mind, whether you are going to obtain more benefit from the expenditure of money than the expenditure is going to cost you. If, in the judgment of our military and political leaders, they have decided it is to our interest to expend money in a certain theater and thereby gain in shortening the war, or we are going to gain in keeping the Axis out of any region, or we are going to gain in keeping the Axis from getting material to aid its war effort from any country; I say spend the money. I want to do everything I can to win the war quickly and to win the war thoroughly and with the least expenditure of flesh and blood possible. Our leaders must exercise their judgment. We are not in a position to make the decisions here. If we do not like our military leaders, of course, it is our job as a nation to get others. In the meantime, however, I am thoroughly well satisfied with what our leaders are doing.

Mr. HOFFMAN. Will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. HOFFMAN. Not finding any fault with the military strategy of our leaders, does not the gentleman realize that our military men are most wasteful when it comes to the expenditure of money? For instance, when they said all they needed for the Pentagon Building was \$35,000,000 and they spent \$85,000,000. Those fellows are just trained to disregard dollars. They cannot stop to weigh the cost of the money they spend. So, when they step into other fields they are just as wasteful.

Mr. WRIGHT. In other words, they do not have to meet a pay roll.

Mr. HOFFMAN. They do not take the pay roll into consideration at all.

Mr. WRIGHT. There is general criticism of the military men that they do not weigh the cost. I think the gentleman is right. But, it is not only the soldiers who make these decisions as to the purchase of equipment, for instance, from Spain and Sweden, which might be helpful to aiding the Germans. Some of the best economic minds of our country are working on that question, and they are not all Democrats either. Men of all parties and men of all walks of life are doing all they can to bring our country out of this war as quickly as possible, and I think over all they are doing a good job.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. CALVIN D. JOHNSON. A short time ago a letter was brought here by one of the gentlemen from the Committee on Foreign Affairs, in which they justified the sale of the material which they had purchased with lend-lease funds, that it prevented them from having to raise the taxes. I wonder how they figure we get the money in this country except by raising taxes, and if we are bringing it from here to prevent them from raising the taxes over there, it looks like we are the ones on a snipe hunt and holding the sack.

Mr. WRIGHT. If the gentleman is talking about the British Empire I do not think he has to worry very much about their getting rich out of us during the progress of the war. I am sure this war has cost them very much in blood and treasure. I am quite sure they will not wind up the war in any advantageous commercial position over us, which they have gained by any great bounty on our part.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 15 minutes.

I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, as has been pointed out, this bill carries appropriations for three major activities of the Government.

In the first place, there is an appropriation of \$19,500,000 for the Foreign Economic Administration. In the second place, there is an over-all provision for lend-lease, including unexpended

balances, amounting to \$7,188,893,000. Finally there is provision for U. N. R. R. A., including appropriations and transfer authorization amounting to \$800,000,000; or a grand over-all total of \$8,008,393,000.

The Budget estimates have been allowed in full, on the recommendation of a majority of your committee, with the exception of a reduction of \$1,381,000 in the request for the Foreign Economic Administration.

FOREIGN ECONOMIC ADMINISTRATION

Speaking briefly as to the Foreign Economic Administration, I want to point out in passing that this agency represents the consolidation of functions heretofore scattered through 14 different agencies of the Government. The agencies in question are the following:

1. The Office of Lend-Lease Administration.
2. The Board of Economic Warfare.
3. The Commodity Credit Corporation.
4. The Reconstruction Finance Corporation.
5. The Export-Import Bank.
6. Defense Plants Corporation.
7. Defense Supplies Corporation.
8. The United States Commercial Company.
9. Rubber Development Corporation.
10. The Petroleum Reserves Corporation.
11. Metals Reserve Company.
12. Cargoes, Incorporated.
13. The Office of Foreign Relief and Rehabilitation Operations.
14. The Office of Foreign Economic Coordination.

The functions of the new agency, as you will note, include lend-lease, procurement of strategic materials, exports control, economic warfare, and procurement for U. N. R. R. A. The organization now comprises two bureaus, four corporations, and one bank.

I call your attention to the fact that the request for this organization this year amounts to \$20,881,000 as compared with \$46,614,020 for the current fiscal year.

Some of you will recall that about a year ago B. E. W., the principal constituent agency in the group, was before the House for an appropriation of \$36,150,000. The request requested an increase of 57 percent over the funds available for the previous year.

The gentleman from New York [Mr. TABER] offered an amendment to reduce the appropriation for B. E. W. I supported the amendment. As you will recall, the amendment was defeated, after loud protests from the majority side of the aisle. It was argued that the item had been fully justified by the splendid presentation of Mr. Milo Perkins, then head of the agency and that any reduction in the request would impede the war effort. How often we have heard that argument.

What happened? Three days after the appropriation was allowed, as appears in the RECORD, Mr. Crowley took charge of this agency, among others. He imposed a complete personnel freeze, until he had a chance to find out what was needed.

What was the result of the investigation? The result was that an increase of 900 positions authorized by the Congress, were not made; that a reduction of 200 over and above the 900 in personnel

was effected subsequent to that date; that a study is still being made as to the possibility of further personnel reduction; and that in coming before your committee this year the agency shows a decrease in 1945 obligations of almost \$7,600,000 and unexpended balances of \$16,084,000.

Here is an example, Mr. Chairman, of where the committee and the Congress failed to assume what to me is its proper responsibility in such matters. The failure was fortunately overcome by competent handling of the agency and far greater reductions were made than suggested on the floor.

It is to be hoped, Mr. Chairman, if the House determines to go along with the requests embodied in this bill, that reasonable savings all along the line will be effected in the handling of the funds which will be made available.

LEND-LEASE ADMINISTRATION

The lend-lease request is for \$7,189,893,000, including the unexpended balances to which I have referred. This request represents, as the report indicates, a reduction of some \$3,000,000 as compared with funds available in the current year, but if you eliminate the unexpended balances, the request reflects an increase of about \$900,000,000 in terms of obligations.

A break-down of the over-all figure indicates \$79,888,000 for tanks and other vehicles; \$1,033,000,000 for vessels and other watercraft; \$5,857,416,000 for agricultural and industrial commodities; \$129,600,000 for servicing and repairing of ships; \$84,402,000 for services and expenses; and \$4,285,000 for administrative expenses.

Lend-lease funds, as we all know, may be made available in two ways: First, by appropriation to the President for lend-lease purposes; second, by appropriation to the Army, Navy, and Marine Corps, with authority to transfer in their discretion for lend-lease purposes up to the authorized figure.

By direct appropriation to the President there had been made available up to December 31, 1943, the sum of \$24,683,629,000. Of this sum, \$21,020,605,000 is expected to be obligated by June 30; \$19,986,135,000 is reported transferred; \$15,578,383,000 is reported exported—both figures as of December 31 last.

By appropriation to the Army, Navy, and Marine Corps, with authority to transfer, Congress has made available a total of \$35,970,000,000, from which between four and five billions have been made available for lend-lease purposes. In other words, Mr. Chairman, Congress has made available, in one form or another, for lend-lease purposes, \$60,653,629,000 with a total still available of about \$34,600,000,000.

Reverse lend-lease is reported at about \$2,100,000,000. Lend-Lease officials also report in this connection that records are available today with respect to all lend-lease in reverse, exclusive of combat areas. A year ago it will be recalled that it was said to be impossible to furnish anything satisfactory along this line.

The committee was furnished with a secret document some 14 inches in length

by 10 inches in width containing 53 pages of detailed figures purporting to show for the entire request now under consideration the number of units of each commodity to be supplied, their dollar value, the number to be shipped to each country, the over-all totals, and the impact upon our domestic production.

The committee has given these tables as careful consideration as possible under the circumstances. The gentleman from New York [Mr. TABER] has referred already to the difficulty of checking the unit prices furnished. Many of these at first sight seem very high and, of course, a very slight variation in price level will run into many millions of dollars for a single commodity. Costs for overseas transportation and other costs also seem somewhat open to question, and there is some question in my mind whether the revolving funds provided for, amounting to about \$526,000,000, should be retained as a matter of policy.

I hope, Mr. Chairman, in the light of the \$3,650,000,000 or thereabouts of unexpended balances under lend-lease, that we may look forward to substantial savings in the coming year in the sum recommended for lend-lease purposes.

UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION

Mr. Chairman, before concluding I want to say a few words in reference to U. N. R. R. A. Let me say at the outset that I supported the authorization for U. N. R. R. A., that I am prepared to support whatever appropriation may be reasonably required for our share of the work of U. N. R. R. A. within the limitation which has been authorized. I want to state also, Mr. Chairman, that in my judgment the justification of this item in the pending bill has not been satisfactory.

The request before you is a request for \$450,000,000 in terms of appropriation for what is referred to as the preparatory period. In addition to that there is a request for authorization of transfer from lend-lease of \$350,000,000 in respect to what may be termed the "postpreparatory period."

The CHAIRMAN. The time of the gentleman has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. WIGGLESWORTH. Mr. Chairman, the principal operations which U. N. R. R. A. looks forward to are first, as to health, second, as to essential supplies, and third, dealing with persons who have been displaced from their homeland on the other side of the water.

A break-down of the request indicates: About \$373,000,000 for food, \$56,000,000 for food production and processing, \$215,000,000 for clothing, textiles, and footwear, \$69,000,000 for health supplies and soap, \$100,000,000 for repair and operating supplies, \$4,000,000 for administration costs of procurement, \$126,000,000 for transportation costs, \$4,000,000 for U. N. R. R. A. administration expenses, and \$30,000,000 for relief services. These totals include both the preparatory period and the post-preparatory period.

Under leave to extend my remarks, I include a statement by Assistant Secre-

tary Acheson defining the word "rehabilitation" for the purposes of U. N. R. R. A.:

Mr. ACHESON. I think, Mr. Wigglesworth, that the Congress has made that pretty clear in the authorization statute; that is Public Law 267, which was approved May 28, 1944. We have two references in that law to this point. In section 3 of the act it says:

"In the adoption of this joint resolution the Congress expresses its approval of and reliance upon the policy adopted by the United Nations Relief and Rehabilitation Administration at the first session of the Council, summarized in paragraph 11 of Resolution Numbered 12, and reading as follows:

"The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief. No new construction or reconstruction work is contemplated, but only rehabilitation as defined in the preamble of the agreement. Problems such as unemployment are important, but not determining factors. They are consequences and at the same time motives of action. The Administration cannot be called upon to help restore continuous employment in the world."

Then the Senate provided in section 7:

"In adopting this joint resolution the Congress does so with the following reservation:

"That it is understood that the provision in paragraph 11 of Resolution Numbered 12 adopted at the first session of the Council, referred to in section 3 of this joint resolution and reading, 'The task of rehabilitation must not be considered as the beginning of reconstruction—it is coterminous with relief,' contemplates that rehabilitation means and is confined only to such activities as are necessary to relief."

That will be presented at the next meeting of the Council and I have no doubt will be accepted by them and taken as the definition of what is meant by rehabilitation.

Mr. CALVIN D. JOHNSON. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Illinois.

Mr. CALVIN D. JOHNSON. The gentleman mentioned a moment ago footwear relative to U. N. R. R. A. A short time ago the gentleman from New York also mentioned that it was the intention of the Army to take the footwear which had been used and which had reached the point where it was no longer serviceable and supply it to those people overseas. I have in my hand a pair of Army shoes with brand new half-soles and heels of a type that are being ground up in my community to make fertilizer. These shoes, in my opinion, represent about \$8 new. They represent a deduction from some worker's pay check. I want to read an excerpt from a letter. This letter shows the waste that is going on in which a carload of Army shoes has been ground up for fertilizer. I will read an excerpt from a letter sent me by a man in my district.

Mr. WIGGLESWORTH. May I ask the gentleman who is responsible for processing those shoes?

Mr. CALVIN D. JOHNSON. These are Army shoes purchased as scrap and made up into fertilizer. The division of the Army that sells them I cannot say. I want to show them to the Members of the Congress. Here is an excerpt:

I would like to call your attention, if you haven't already heard, about the use of good, newly repaired Army shoes to manufacture fertilizer. A lot of people who can get them are wearing these discarded Army shoes, and

I've also heard there is a place in one town where they are selling them without a ration stamp. The important point is every pair is repaired to A-1 condition before they are shipped by coal car to this company for scrap. The name of the company is the Smith Rowland Fertilizer Co., about 3 miles east of Granite City, Ill.

Those shoes are being ground up, with brand new soles and heels that have never been on the ground. I wish to make it clear that I do not blame the Smith Rowland Co., they bought them for scrap.

Mr. WIGGLESWORTH. I think the gentleman has made an amazing statement, and that it should be brought to the immediate attention of the War Department.

Mr. CALVIN D. JOHNSON. If \$562,000,000 is being used by the Army to help people overseas to obtain footwear and clothing it is high time that shoes like this be sent over there.

Mr. TABER. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from New York.

Mr. TABER. Did the gentleman give the name of the plant?

Mr. CALVIN D. JOHNSON. I did.

Mr. RABAUT. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Michigan.

Mr. RABAUT. I asked my colleague from Massachusetts to yield to me for the purpose of inquiring from the gentleman from Illinois making the complaint about the shoes whether or not he has brought this to the attention of the Army or has asked for any information from the proper authorities about it before he made this statement?

Mr. CALVIN D. JOHNSON. I have not requested that information because I am of the opinion that the Army should have sufficient intelligence not to dispose of material like that.

Mr. RABAUT. The gentleman is making a very serious statement and I think it would have been much better if the gentleman had taken it up with the Army that he might receive more complete information about it.

There is no objection about the gentleman making the complaint, but it would be very well if the gentleman had consulted the Army for the purpose of having full information on both sides of the question. If it were discovered that what has been said is not completely true, then the gentleman has brought a very strong indictment. If it is true, I congratulate the gentleman for the information that he has brought to the House.

Mr. CALVIN D. JOHNSON. The statement I am making is just this: That a carload of Army shoes similar to this, and I know of no other place in the world you could have obtained them, are being ground up for fertilizer by a plant in my district.

Mr. RABAUT. The gentleman is some distance from me on the floor of the House and I cannot tell just what the shoes look like. Does the gentleman mean they are grinding up brand new shoes?

Mr. CALVIN D. JOHNSON. No; these are repaired shoes.

Mr. HOFFMAN. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The gentleman from Michigan has asked why this was not taken up first with the Army. You sometimes do not get very far doing that. There are some things we know. For example, we know that the Navy insisted up here at Johnsville that the United States Government pay for certain housing.

Mr. RABAUT. Is the gentleman talking about shoes or housing?

Mr. HOFFMAN. We will have a little of both. Waste is waste, whether it is shoes or housing.

Mr. RABAUT. I thought we were talking about shoes.

Mr. HOFFMAN. They built those houses up there and they were unoccupied in the main. They have never occupied more than about half of them and the Navy knows that. The Government knows it. Now, is it the duty of Congressmen to run around all the time and point out all these things at the risk of being accused of interfering with the war program if he mentions them?

Mr. RABAUT. The gentleman has been here as long as I have and he knows the duties of a Congressman.

Mr. HOFFMAN. They ought to take care of those things. Down at Kingsbury, south of South Bend, the same situation exists.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. Can the gentleman from Michigan conceive of any answer that would defend the Army in any possible way in the matter of grinding up shoes like that for fertilizer?

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. This is news to me. May I inquire if you can make fertilizer out of rubber and leather? Is that a common practice?

Mr. CALVIN D. JOHNSON. There is a plant in my district that puts leather trimmings from shoe factories and tanneries through a certain process and produces fertilizer. This firm is known as the Smith Rowland Fertilizer Co. They make fertilizer from leather scraps and have for years.

Mr. ROBSION of Kentucky. I observe that the soles on these shoes are rather thick and heavy. Is that good leather? It looks to me like it is.

Mr. CALVIN D. JOHNSON. It is new. It is the best.

Mr. ROBSION of Kentucky. And rubber heels. Could the company out there pay a price that would pay for putting those shoes in repair like that to make fertilizer out of and make money?

Mr. CALVIN D. JOHNSON. I have no knowledge of what happened except that shoes similar to these come in an open coal car to this plant.

Mr. ROBSION of Kentucky. More than one car?

Mr. CALVIN D. JOHNSON. They state "coal cars" in the letter that came to me. One coal car or one pair would be sufficient.

Mr. ROBSION of Kentucky. How could they make enough fertilizer out of a pair of shoes like that and not exceed the cost of the repairs?

Mr. CALVIN D. JOHNSON. There is no question about it.

Mr. ROBSION of Kentucky. Has the gentleman any idea about that? Is it the gentleman's idea that they are repairing these shoes, then selling them as scrap much cheaper than it would cost to repair them?

Mr. CALVIN D. JOHNSON. That is evidently what has happened. The thing I am trying to bring out is that the Army should utilize material such as this to send to European countries instead of sending these funds we have given them for the purchase of new articles to give to the people over there under their relief program.

Mr. ROBSION of Kentucky. There are many places in this country where the people could use shoes like that.

Mr. CALVIN D. JOHNSON. Both the gentleman and I back in Kentucky would have been glad to have them.

Mr. ROBSION of Kentucky. There are places in my country that do not have shoes like that.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Minnesota.

Mr. O'HARA. I would like to ask the gentleman from Illinois [Mr. JOHNSON] if it is not true that in the manufacture of new shoes they are having to use a synthetic leather because they cannot get the new leather, and they want the new leather for the repair of these Army shoes?

Mr. CALVIN D. JOHNSON. Frankly, I cannot say as to that. I know that they are using synthetic materials in the manufacturing of shoes in this Nation today, but as to the reasons they are using it in the repair of shoes, I cannot say.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Michigan.

Mr. HOFFMAN. If the gentleman from Michigan wants another illustration of, whatever you want to call it, waste or inefficiency, I just call his attention to the fact that over the past year or more the farmers were asked to, and they did, produce more and more eggs. In one little town in my district—and I heard the conversation the other day—they were asked to store 3 additional carloads of eggs. They already had 41 carloads in that small town, and they had to use a big canning plant to store those.

Mr. RABAUT. What does the gentleman want to do—keep them and reduce the price to 5 cents a dozen?

Mr. HOFFMAN. I will tell the gentleman what I would do. I would not attempt to tell the farmers how to run their business; I would not interfere with the way the farmers cultivated their land or what they should grow. According to Mr. Jones, who had a seat in the House, now Food Administrator, they are taking those eggs—and you can get it from the press, and the Press Association gives worth-while information occasionally—and they are grinding them to make hog and poultry feed. They get the hens to lay the eggs and then grind them up to feed the hens some more eggs.

Mr. RABAUT. I appreciate hearing the study the gentleman has made of the subject.

Mr. HOFFMAN. I know to a New Dealer that whole thing is just water over the dam, it is all silly; but if you come down to earth once in a while, into the dirt; if you would milk a few cows, feed a few hens, and raise the food to feed the hens; and if you would see what the farmers brought in to you and what they charged, you would know more about it. You can put your finger on almost anything this administration is doing, and find waste, inefficiency, and extravagance.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. Are there any restrictions regarding these appropriations? As the gentleman may remember, I offered an amendment which would provide that before final disposition of surpluses of war, airplanes, tanks, jeeps, and so forth, in the various countries, the permission of the Congress should be asked. Is there any restriction regarding this?

Mr. WIGGLESWORTH. No; I do not think there is any restriction of that character in the bill at the moment.

Mr. Chairman. I want to conclude my remarks by reference to the U. N. R. R. A. picture, as I see it.

First, as has been pointed out, we have the sum of \$562,000,000 which is going to the Army under the War Department bill that will be before us in a week or so. Second, we have an appropriation requested here for U. N. R. R. A. of \$450,000,000 for what is called the preparatory period. Finally we have a request for transfer authority in this bill in respect to the post-preparatory period amounting to \$350,000,000.

The uses to which the \$562,000,000 are to be put by the Army are defined in the record and are practically identical with the uses to which the \$450,000,000 are to be put under U. N. R. R. A. The \$562,000,000 for the Army is estimated on a basis of 6 months' full operation. The \$450,000,000 for U. N. R. R. A. is also estimated on a 6 months' basis.

Obviously, U. N. R. R. A. cannot go into action in western Europe until after success has been obtained there. For a period of 6 months thereafter the Army will have sufficient money available if it remains in control. It is conceivable that U. N. R. R. A. will be called upon to act in the Near East—probably will act

in Sicily and Italy when the Army decides it is safe to turn things over to civilian hands.

The \$450,000,000 appropriation for U. N. R. R. A. is requested for those goods which it takes a long time to prepare, for seasonal commodities, and for goods which have to be repaired and reconditioned. The \$350,000,000 transfer authorization is requested, according to Mr. Crowley, for use after U. N. R. R. A. begins active operations for things that can be purchased after receipt of full-operating responsibility.

Mr. Acheson, in discussing the prospects for U. N. R. R. A. operations, stated that he hoped U. N. R. R. A. would be operated on a substantial basis in 1945, but when in 1945 he did not know.

The \$450,000,000 appropriation was requested by U. N. R. R. A. The \$350,000,000 transfer authorization was not requested by U. N. R. R. A. but was added by the Bureau of the Budget.

If the Congress allows the Army request of \$562,000,000 and the U. N. R. R. A. request for \$450,000,000 to cover the type of goods which I have referred to, which require a comparatively long time for preparation, I think it is very questionable whether the transfer authority of \$350,000,000 is in any way necessary. I think it might well be wiser for the Congress to move at a more moderate rate and to obtain thereby the opportunity of again considering the entire matter if the occasion requires. After all, the Congress has no intention of adjoining sine die.

As I have already stated, I have no desire to withhold a dollar that is proved to be necessary for our share of the work of this agency. It is a fact, however, I believe, that to date the only contributions aside from those for administrative expenditure which have been received are a contribution of \$320,000,000 from the British Government, \$10,000,000 from the Canadian Government, and \$50,000 from the Government of Iceland.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TABER. Mr. Chairman, I yield 5 additional minutes to the gentleman from Massachusetts.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Minnesota.

Mr. O'HARA. Do I correctly understand the gentleman to say that Mr. Crowley asked for \$450,000,000 for U. N. R. R. A., or was that lease-lend?

Mr. WIGGLESWORTH. Mr. Crowley asked the Budget Bureau for between \$400,000,000 and \$500,000,000 for U. N. R. R. A. The Budget allowed \$450,000,000. Subsequently, at whose request I do not know, the Bureau of the Budget included transfer authority for an additional \$350,000,000.

Mr. O'HARA. But not in Mr. Crowley's original request?

Mr. WIGGLESWORTH. It was not included in his original request.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Missouri.

Mr. CANNON of Missouri. Mr. Crowley told me this morning that he asked for more than the amount provided by the Budget for both appropriation and authorization.

Mr. WIGGLESWORTH. The gentleman was present, as was I, at the advance meeting of the committee with Mr. Crowley before the hearings on this agency. My memory of the statements that were made at that meeting of our committee held at the request of Mr. Crowley is in accordance with what I have stated for the RECORD.

Mr. CANNON of Missouri. May I ask the gentleman from New York [Mr. TABER] if Mr. Crowley did not correct that misapprehension with him?

Mr. TABER. Mr. Crowley told me that he asked the Budget for \$450,000,000 and that was all. That is all I have ever heard that he asked.

Mr. CANNON of Missouri. Then did he subsequently correct that statement?

Mr. TABER. I have had no communication with him since.

Mr. CANNON of Missouri. Mr. Crowley told me this morning over the telephone—he called me up, I had not made any inquiry of him—that he asked for more than was allowed by the Bureau of the Budget. I now have a letter from him confirming his telephone conversation to the effect that they originally asked for a billion dollars but had later agreed to the submission of an estimate for the \$800,000,000. He asked both for the direct appropriation and then asked for the authorization to transfer in excess of the Budget estimate.

Mr. TABER. I have had no communication with him since Wednesday, I think it was, when we talked with him.

Mr. WIGGLESWORTH. Mr. Chairman, may I in conclusion simply repeat my support of the authorization for U. N. R. R. A., my willingness to vote for any appropriation shown to be essential and my regret that the justification submitted is not more convincing. In my judgment, in all human probability the amount requested by this agency will not be required in the period specified. It is for that reason that I suggest that consideration should be given to the question of proceeding at a more conservative rate at this time and permitting the Congress to have a further opportunity for a thorough-going review of any developments that may occur in the meantime.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks in the RECORD.)

ROOSEVELT JOINS UP

Mr. HOFFMAN. Mr. Chairman, late in January of 1942 World Fellowship, Inc., petitioned Congress to give to the President as a birthday gift, \$1,100,000,000 to be used by him to create a federation of the world, a world peace government, under the title of the "United Nations of the World."

About the same time Federal Union, Inc., in propaganda which carried,

among others, the names of the President's Secretary of the Interior, Harold Ickes, and United States Supreme Court Justice Owen J. Roberts, Grenville Clark, Gardner Cowles, Jr., Robert Woods Bliss, Russell W. Davenport, Daniel Calhoun Roper, William Jay Schieffelin, and John Foster Dulles, advocated a superunitary states of the world, under the name of Union Now.

That plan, had it been adopted, would have resulted in the surrender of our independence, the loss of our sovereignty, the adoption of a declaration of interdependence, the hauling down of the Stars and Stripes, and the hoisting in its place of the flag of Union Now.

To me, a repudiation of the Declaration of Independence, the loss of our sovereignty, a declaration that we were dependent upon some other nation or group of nations, was contrary to every thought of loyalty to my country.

And so, on the 27th of January 1942, and again 3 days later, on the floor of Congress, the idea and the propaganda supporting it was denounced by me, and the House was asked to remember that the first thing, the most important thing, to the people of our country was the winning of the war and the preservation of our independence, of our sovereignty.

The two speeches were consolidated and, under the title "Don't Haul Down the Stars and Stripes," thousands of copies were distributed.

New Deal, pink and red publications; the advocates of a surrender of our independence, of the hauling down of our flag, of the substitution for our form of government of an international government, where we would be under the control of foreign nations; those who have advocated the hauling down of the Stars and Stripes and the running up in its place of an international flag immediately began a smirch campaign and ever since, by innuendo, have charged me and all of those who believe in America, in constitutional government, in our ability to take care of ourselves as a nation, with disloyalty and a lack of patriotism.

Intent upon the remaking of America, upon the destruction of freedom, independence, and of progress through individual effort; seemingly determined to dissipate our natural resources and our manpower for the benefit of other peoples and other nations, greedy, selfish, ambitious politicians carried on the campaign of vilification and false charges through which they sought to create the opinion that all those who believed that the interests of this country in its dealings with other nations should be given first consideration were guilty not only of reprehensible conduct but were not good citizens.

They sought, and for a time with some success, to pin the badge of disloyalty upon all isolationists. They certainly intimidated many. An isolationist in Russia is one who upholds the government of Stalin. In Great Britain, an isolationist is one who follows the leadership of Churchill.

The internationalists have preached, and they would have you believe, that here in America one who places the in-

terest of his own country above that of all other countries is a traitor to his own country.

Stalin has let the whole world know that in his mind, in his heart, he has but one thought, and that is the advancement and the protection of his homeland—Russia.

Churchill has told us in no uncertain terms that his every word, his every thought, his every act, will be given to the preservation and the extension of the British Empire.

But here in America, the cradle of liberty, the citadel of freedom, those who thought, who spoke, who acted, for the preservation of the institutions which have preserved liberty, the internationalists said, were in some way guilty of disloyalty, were lacking in patriotism, because they did not support the New Deal; because they insisted that, in our dealings with other nations, we should not enslave our own people.

The Marshall Field publications, the Luce publications, the New Republic, and some others have said that the isolationists were all bad citizens. They intimidated, and sometimes they made the charge a little bit stronger than intimidation, that those who believed in this country of ours, who had faith in our people and in the Government founded by the forefathers, that all the people who believed in those things and wanted to retain our independence and our sovereignty were disloyal or unpatriotic, and sometimes they said we lacked good sense, we were a little addled in the head. For months, yes, for more than a year we had to take it. Isolationists were pro-German. That was the cry. There never was a fouler, more vicious lie uttered than that. They tried to defeat some of the so-called isolationists in 1942 and did not get so far with it.

Now we come along to last year, and what do we find? In September some Republicans were up to an island, Mackinac, up in the Straits in Michigan. They put forth a declaration up there as to our foreign policy. The substance of it was that while we would collaborate and cooperate with other nations, we still were going to insist that we remain a free and independent nation under the stars and stripes, not under some other flag. Well, again we caught it. Again they branded us as pro-German, sort of Nazis or something, nasty, anyway, whatever term they used. So we get down to last week.

In the meantime, although Roosevelt said, in the September 1936 campaign, that he wanted none of the Communist support, either then or at any other time, and you will find the quotation in the Times-Herald this morning, in an editorial, we find that he let Mr. Browder, who is the head of the Communist Party, out of jail. Now it is merely a coincidence, I suppose, that Mr. Browder straightaway became an advocate for the fourth term. But anyway he did.

AN APPROACHING ELECTION BRINGS A CHANGE

For overlong, the self-appointed judges of what Americans should think, say and do got away with their vicious, untruthful charges. But the elections through-

out the country, and especially the more recent ones in Wisconsin and Illinois, disclosed to the politicians that the great Midwest, the breadbasket of the country; the people who, without hesitation, have paid taxes, bought bonds, and sent their loved ones to fight and die on foreign soil—when day by day it becomes more and more evident that Russia and Great Britain do not agree as to the objectives of this war or the terms of the peace; when it is apparent that there is no such thing as an enduring world peace—are determined that we, like Stalin and Churchill speaking for their countries, insist that the homeland come first.

The astute politician in the White House, seeking a fourth term, has sensed this determination. He realizes that, in the coming election, he cannot be successful unless he can secure the votes of the Midwest. And so it was the other day that, speaking at his press conference, he, in substance, adopted the declaration of foreign policy of the Republicans who met last summer in conference at Mackinac Island.

He declared at that press conference that, while we would cooperate with other nations in the plans for an enduring peace, we would not at any time surrender any portion of our sovereignty.

Franklin Delano Roosevelt, the candidate for a fourth term, has now openly again become an isolationist, a nationalist.

And where does that leave the Marshall Field press? It cannot very well turn its abuse on its idol, its fourth-term candidate.

The fact that his promise, in view of his past performances, means little or nothing to those who are aware of his political methods, does not detract from its significance.

He talked like an isolationist, like a nationalist, long before he was elected President. Then, apparently because of political expediency, he became an internationalist. Learning now that the Chicago Tribune, that the Washington Times-Herald, and the New York Daily News, in their advocacy of America first, of adherence to our Declaration of Independence, of loyalty to constitutional government, have but expressed the thought of the people of the Midwest, the President is once more trimming his sails to meet that sentiment in the hope that it will carry him into a fourth term in the White House.

The President's announced conversion to isolationism, to nationalism, will not be accepted at its face value, for the people remember that he once told us that people were to be judged by their acts and not by their words.

The fly in this new honey designed to catch votes is that the people still remember his broken promises, and especially the one made just prior to the last national election, when he told them unequivocally on October 30, 1940, at Boston, that their sons would not be sent to fight on foreign soil.

They know now that at the very time that promise was made, a policy was being followed which would inevitably

lead to war. They know now that at the time those words were uttered, preparation for our participation in the war was being made, and they know now that, like some of the statements of the Republican candidate, Wendell Willkie, many of Franklin Delano Roosevelt's promises are but "campaign oratory."

With 3,657,000 of their sons fighting and dying in a war from 3,000 to 13,000 miles from home, our people are going to rely in the coming election only upon unequivocal statements of policy from men of known veracity who have character sufficient to resist all impulses to break those promises because of political pressure.

Governor Bricker, of Ohio, has announced his policy. Experience demonstrates that he is a man of his word, and he rendered the whole country a service when, a few days ago, he called upon all to shed all camouflage, come out in the open, and tell the people where they stand, not only on domestic issues but on the great question of whether in the future we shall be drawn into entangling alliances, our men be called upon to fight and die to promote the political interests of some foreign nation.

Our people will demand, too, of any candidate who has not heretofore kept his promises that he give some assurance that this time his word can be relied upon.

The people of America want, and they are entitled to have, from any and every man who seeks at their hands the most powerful office in the world, a clear, plain statement of the policies which he will follow hereafter.

They want to know, and they have the right to know, whether the next President of the United States will preserve constitutional government; will respect the independence of the individual citizen here at home, and whether, when dealing with foreign nations, he will at all times think first and give adherence to the interests of our own country, our own people.

If we make this appropriation for U. N. R. R. A., which is before us today, of \$1,350,000,000 of the American taxpayers' money, our people may well ask us whether we, their chosen representatives, are considering first their interest or the interest and the welfare of some other people.

I do not intend to vote to use the money of the taxpayers who sent me here to buy farm machinery, clothing, and other items which our own people need and give those things to the people of other lands. I do not intend to vote to use the money of the taxpayers of my district to build factories, docks, transportation systems in other lands, where later, after the war is over, they will come in competition with the farmers and the workers of my homeland.

So long as I remain here, I shall on every occasion, when the issue is drawn, vote for what I conceive to be the best interests of the people of America, rather than for the making of gifts, purchased by the expenditure of their funds, for the benefit of people through out the world.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Weiss].

Mr. WEISS. Mr. Chairman, I want to speak out of order for a few minutes on a matter of grave import to many of the municipalities throughout the country. I refer particularly to several municipalities in my own district, because under Pennsylvania law, as was decided by the supreme court of our State, all machinery in industrial plants is considered a part of the realty and subject to local, municipal, and State taxation. By the same token, Federal property is not taxable. In a recent case before the United States Supreme Court, the Mesta Machine Co. case, the Supreme Court held that machinery owned by the Government or loaned to private contractors or industries is not subject to local taxation. For instance, in my home State of Pennsylvania an \$85,000,000 addition has been made to the Homestead Steel plant, where they make 30-inch armor plate for battleships, and they have some \$60,000,000 worth of machinery. In order to construct that new addition under an order of the Government, a demolition order, they had to destroy and tear down some \$16,000,000 worth of property, individual homes of industrial employees in this plant. Many of them had to go miles away. Now, under the Supreme Court decision, the municipality is required to still furnish police and fire and every other protection accorded to every other individual in the community, and yet they are denied the right to tax that machinery as part of the realty, with the result that it is putting budgets out of order and jeopardizing the fiscal policies of municipalities. This applies not only to Homestead, Pa., but the same situation is true in Duquesne, Pa., and in my own community of Glassport, where there is a \$10,900,000 plant with some four and a half million dollars' worth of machinery. Now, I think this situation growing out of the Supreme Court decision will be taken care of by a bill introduced by my distinguished colleague, the gentleman from Pennsylvania [Mr. Wright] in H. R. 4885, which simply complies with what the Supreme Court said, that it was a matter for Congress to authorize State and local taxation of machinery owned by the United States, which is being used in war production by private contractors. Private contractors get the benefit and the use of that machinery. I think they pay some nominal interest to the Government for the use of it. I think local municipalities and taxing bodies ought to have the right and should be given the right by this Congress to tax the machinery on which industry itself gets the benefit. At least they give the industries the right of police and fire protection accorded to all of its citizens.

I hope that my distinguished colleague on the Ways and Means Committee the gentleman from Pennsylvania [Mr. Eberharter] spurs the Ways and Means Committee to report out this simple bill, which is exactly six lines in length.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield.

Mr. EBERHARTER. I want to say to the gentleman from Pennsylvania that I think the bill has much merit. In that connection I think the situation in the District of Columbia can be used as an illustration. The Federal Government gives to the District of Columbia approximately \$6,000,000 every year because of the fact that the Federal Government owns property in the District which is not taxable. In these municipalities where the Government owns property, the local municipalities get no return whatsoever. So that if it is fair for the Federal Government to give the District of Columbia, for its government, a direct appropriation of \$6,000,000, in order to enable them to carry on, certainly some relief should be granted to the municipalities which support these Federal lands and these Federal projects, from which the local communities derive no taxation whatsoever.

Mr. WEISS. I think the gentleman is correct. I may cite an instance where they tore down \$16,000,000 worth of property. They put up a plant costing \$85,000,000 and yet we are not permitted to tax that because of the present prohibition.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield.

Mr. O'HARA. Of course, I realize the problem the gentleman has in his district. I have a problem in my district where a great industry came in in the early days, and this industry bought the land and started the plant. Then they started a new scheme. The Government came in and condemned land, and the plant was operated by this large business organization. As a matter of fact, it took practically all the taxable land in one township. I do not approve of the theory by which that is done. I think it should be taxable, but I think the gentleman will run into a lot of headaches and a lot of difficulties when he starts legislating to take care of that sort of situation. Why should not this industry operate that as an industry?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WEISS. The Supreme Court in a recent decision said that in this emergency, where the Government owns the machinery and leases it to a private contractor it is a matter for the Congress to say that it should be taxable.

Mr. O'HARA. That is one of those decisions in which the Supreme Court so often says that is something that Congress should do.

Mr. WRIGHT. Will the gentleman yield?

Mr. WEISS. I yield.

Mr. WRIGHT. I want to express my appreciation for the support that my colleagues from Pennsylvania [Mr. Weiss and Mr. Eberharter] have extended to me in this bill which I have introduced. I wish, also, to remark that

this is a matter which not only concerns Pennsylvania. Any State or any municipality which has a budget to meet, which has war plants constructed within its borders is also affected. We had a situation when I belonged to the Committee on Public Buildings and Grounds at the time they were erecting defense housing. In the beginning defense housing paid only a small portion of taxes as compared with what would be paid by privately owned homes. That was amended in committee. The committee said that public housing should be taxed in an amount comparable to the taxes paid by Federal-owned homes. I want the gentleman to remember also, and my colleagues, that this machinery is in competition with privately owned machinery which is doing the same work. Also, if federally owned machinery is not taxed and privately owned machinery is taxed, it will keep the individual plants from purchasing the machinery, because it will impose upon the machinery as soon as it is purchased, the burden of taxation which it does not have now. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. Weiss] has again expired.

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. Vorys].

Mr. VORYS of Ohio. Mr. Chairman, I have been particularly interested in U. N. R. R. A. Our committee sat in at the formulation of the draft agreement; some of us went to Atlantic City. I studied it carefully as the authorization legislation went through the House, and I have had some opportunity to look into it since.

Mr. BRADLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. BRADLEY of Michigan. The original draft of the U. N. R. R. A. bill was not made at Atlantic City. It was submitted down at the Food Conference at Hot Springs, Va. Your committee had it in executive session long before the Atlantic City conference; is that not correct? I mean the original draft.

Mr. VORYS of Ohio. Yes; an original draft—I do not know how many original drafts there were, but a draft that was different from the final one was taken up with our committee. The Senate Foreign Relations Committee made criticisms and suggestions which were adopted, and then the amended draft was taken up in our committee. Both the House Foreign Affairs Committee and the Senate Foreign Relations Committee went over the draft before it was signed November 9, at the White House.

Mr. BRADLEY of Michigan. If the gentleman will yield further, it is a fact that the original draft prepared by Dean Acheson and his advisers, with some help from the British, was submitted for consideration at that time to the Food Conference at Hot Springs, Va., which I attended together with your colleague from Ohio, Dr. SMITH, and, in my humble opinion was the principal reason for which the so-called food conference at Hot Springs was called.

Mr. VORYS of Ohio. The gentleman may be correct. He was there and I was not. All I know is that on June 10, 1943, a form of original draft was made public, as having been tentatively approved by the British, United States, Russia, and China.

In any case, I have been interested in this, and on a recent trip through England and Africa I was interested to see how U. N. R. R. A. was starting off. Their start in London was certainly not on a very imposing scale. I went to the building to see the U. N. R. R. A. office. It was a most modest office building. There were two door bells out in front. On one of the door bells was a cardboard on which was written with a pen "U. N. R. R. A." On the other one, "Lady Blackmore only." I punched the right door bell and went in and went up to an extraordinarily modest office that U. N. R. R. A. had at that time in London. They were just starting off. They had a system of organization which is bound to fail if they do not change it. They had three joint chairmen in charge of the European committee for U. N. R. R. A. The three men, however, recognizing the fatal character of any such arrangement, were attempting to work out their duties between themselves, and dividing them up so that they would not get into a fight. They were making plans then; seeking personnel and so on. I saw Governor Lehman in north Africa. I talked with him; I talked with some of the British. I realized then what I realized last night about midnight when I finished reading the committee hearings, where our Appropriations Committee went very exhaustively into the needs and proposals and what the money was going to be spent for and how it was to be administered.

Eight hundred million dollars is a lot of money. We have authorized a limit of \$1,350,000,000. After going through the hearings, after looking through the field operations which are just commencing because, unfortunately, we have no liberated area where they, so far, can try their hand—and I know that we all want liberated areas as soon as possible—but here is what I realize: You cannot be sure how much you need. I have not been able to arrive at any decision on how you could intelligently cut what is proposed. You cannot budget human suffering. You can budget what you are going to spend to relieve it, but the suffering is going to be there. It is the same experience we have had during the last couple of years, where, in the case of some War and Navy items, money was turned back but in others they needed deficiency appropriations. Our needs in weapons are determined by our enemies, how hard they fight, the way they fight, and the places they fight. We cannot budget that type of war needs, and nobody but the good Lord can budget just how much suffering there is going to be after this war. We can decide how much we will do about it. I got to looking at this \$800,000,000 this way after going through the far more intelligent studies the committee has made, I came to this table on page 311: European population figures. I shall speak in

round figures. I found there were 78,000,000 people in eastern Europe. That includes Albania, 1,000,000; Czechoslovakia, 15,000,000; Greece, 7,000,000; Poland, 34,000,000; and Yugoslavia, 16,000,000. We know that when those people are freed from enemy occupation they will not have a thing. They have been bled white of food, of their dairy animals, of everything that was not nailed down, and the enemy have pried up a lot of things that were nailed down. They will be destitute. There are 74,000,000 of them. I got to figuring this way: I bet I could take up a collection whereby we would say we were going to give them 10 bucks apiece to last them 6 months, 5½ cents a day apiece. I bet I could raise money on that basis. Seventy-four million people starving, pretty nearly naked, diseased, their homes destroyed, and they have not any money. The United States alone is going to give them \$10 apiece, a nickel a day for 6 months. That would run to \$740,000,000 when you add it all up. Then from that same table you will find there are 62,000,000 people in Belgium, Luxembourg, the Netherlands, Denmark, France, and Norway; but U. N. R. R. A. expects those people to pay for practically everything they get. It seems to me we could raise a fund by public subscription in the United States to take care of those people on the basis of raising a buck apiece to take care of their most desperate needs for 6 months, while they are getting on their feet, and paying, of course, for most of their supplies. That would run to \$62,000,000. When I added the two sums together, I found I already had \$800,000,000.

This we may say is not very statesmanlike arithmetic but what I realized was that we are not going to be able to support these utterly destitute people in eastern Europe for \$10 apiece for 6 months. Also it is going to cost something for overhead in this thing. In the last war we put in \$2,600,000,000 and all the rest put in \$400,000,000 for relief. If we can get out this time for \$1,350,000,000 while the others put up about \$1,000,000,000 it will have been financially a better deal than after the last war. We may budget, and decide that is all we are going to do, but the human suffering, which is planned suffering that the Nazis have carried on, that the Japs are carrying on, planned torture and suffering, and planned starvation and planned sickness; that is going to need much more than the funds we have provided. Those people are going to do a lot for themselves. The whole purpose of this thing as expressed is to help people help themselves. So unless someone proposes an intelligent way to cut this I am disposed to go ahead with this \$800,000,000 that is asked for at this time and put this U. N. R. R. A. organization on its mettle; if you please, give them enough rope to hang themselves. They have started out on a good pattern. They may make mistakes, they may fail, in any case I would not want to be the one to hold back funds that would give them the excuse to say that if they had had enough money to get ready in time when the thing broke

they might have saved many, many lives.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. CHIPERFIELD. Would the gentleman care to comment on the use of lend-lease materials by U. N. R. R. A.?

Mr. VORYS of Ohio. It seems to me, if I understand it, that their idea is to build up some stocks of stuff which you buy seasonally and distress goods that you pick up as bargains, and other stuff that takes some time to prepare, get a stock pile on hand, have the Army and the Navy keep using from that stock pile to keep anything from getting stale but to have that on hand so as to be ready when the big load comes. At the present moment only the good Lord knows when the big load is going to come, when our troops are going to be victorious and start driving the enemy back. Shortly after the time we have something ready for the immediate demands we are going to have a period when we think that the military demands of both ourselves and our allies are going to dwindle, when lend-lease commitments will drop off, and at that time it is proposed to use the lend-lease stuff that fits in with this program as our contribution to U. N. R. R. A. If that is the arrangement it seems to me a sensible one. I do not, however, believe I am telling any secrets when I point out that there apparently are possibilities now that were not contemplated when U. N. R. R. A. was before the Congress earlier in the year. When we heard about U. N. R. R. A. in committee and on the floor the proposal was that first would come the Army for a period of possibly 6 months' occupation, and then U. N. R. R. A. would come in. There is a possibility that due to the squeeze by the Russians and the activities in Italy, and so forth, there may be an evacuation or something like an evacuation in the Balkans which will mean that we will not have our allied military forces in there in force taking charge for months and months, but we will have a problem of keeping order and administering relief; and it is a tough problem and one that has enormous difficulties. That is a proposition that may throw a heavier load immediately upon U. N. R. R. A. than was contemplated when we considered it on the floor a few months ago.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. SPRINGER. Is it or is it not a fact that following the last World War practically all of our relief was raised by public subscription through war chests and matters of that kind?

Mr. VORYS of Ohio. No.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WIGGLESWORTH. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. VORYS of Ohio. Mr. Chairman, I have used the word "relief" with respect to this \$2,600,000,000 in a realistic rather than a legal sense. Only a com-

paratively small portion of that was raised by public subscription. The rest was relief loans which were never paid back and it turned out that we were furnishing relief at a time when we thought we were making loans. As will be remembered, only little Finland considered those advancements as loans to be repaid. The rest considered them as contributions, although we did not at the time. The cost to the American taxpayer was the same as if they had been contributions in the first place.

Mr. SPRINGER. In each local community was it not the custom to raise funds for relief for war just as subscriptions generally were raised?

Mr. VORYS of Ohio. I think that is true. It would seem to me that proceeding through this system of support by taxes instead of subscriptions, is preferable, even though the purpose is relief, even though the purpose is largely humanitarian. We are justified, almost compelled, to do it by way of taxation instead of by public subscription because we must have the supplies on hand and ready instead of waiting for subscriptions to come in. Why? In order to do the most military and diplomatic good in addition to carrying out our humanitarian purposes.

Mr. SCRIVNER. Will the gentleman yield?

Mr. VORYS of Ohio. I yield to the gentleman from Kansas.

Mr. SCRIVNER. I would like to raise a question right along that line of raising this money through taxation. Can the gentleman give me some information? It may sound a little old fashioned but I raise the question of constitutionality. Where is there any constitutional authority for us to levy taxes to spend for purposes as proposed in U. N. R. R. A.?

Mr. VORYS of Ohio. The constitutionality of that was passed on in a number of appropriations some time after the last war. There was one involving the Japanese earthquake and a number of other appropriations, all made for the relief of human suffering, and there have been some for the same purpose during the present war. I cannot cite the gentleman the constitutional authority but we examined into it in our committee.

Mr. SCRIVNER. If the gentleman finds it will be kind enough to let me have it because I am very curious about the matter.

Mr. VORYS of Ohio. I will.

Mr. Chairman, this is the first time that the Foreign Economic Administration has come before the Congress for appropriations or for any sort of authorization. Up to now it has been a war baby born last September 25 by Executive order, and with its forebears consisting of O. E. W., B. E. W., and 14 other agencies which have had a tempestuous existence in the past. Over a year ago during the discussion of lend-lease extension I called attention to the fact that we did not have lend-lease but a "loose end" administration in which we had 8 different agencies exporting strategic materials and 5 of them importing. We had duplication and confusion in our foreign economic activities. F. E. A.

was a step in the right direction, and it may be an appropriate agency for war purposes, but under the U. N. R. R. A. appropriation, I wish you would get this, we authorize F. E. A. to go ahead in peacetimes.

It is true that the State Department, our ministry of foreign affairs, the sort of ministry that in any other government would have such matters under it in peacetimes, now has an Office of Economic Affairs. It is true that F. E. A. does not buy anything. Procurement is by the Treasury, the Army, the Navy, the War Food Administration. It is true that it is a fifth wheel, I believe, both in wartime and in peacetime, but it is proposed to continue the activity. I do not know whether we can do anything on this appropriation bill by way of limitation to change that or not. An amendment which I offered when U. N. R. R. A. was up for consideration, placing this in the State Department which now has charge of 26 appropriations for international organizations, was adopted by the Committee of the Whole, but defeated in the House 175 to 217.

I want to point out to you the machinery and the way F. E. A. works. I read from the Executive order creating it:

The powers and functions of the Administration shall be exercised in conformity with the foreign policy of the United States as defined by the Secretary of State.

Did you ever hear of any organization any place where you had the policy making in one organization and the administration in another, one having nothing to do and no responsibility for administration, the other having nothing to do and no responsibility for policy making?

What actually happens under this? Well, we have two sets of liaison officers. The State Department should have charge of our foreign affairs, economic, political, and diplomatic. We have liaison officers so that these two—State and F. E. A.—can keep in touch with each other. We have, however, the policy supposed to be laid down under this order by the Secretary of State and administration under F. E. A., which is a part of O. E. M., which is a branch office of the White House. You have never before heard of such an organization in business. It is completely contrary to the line of responsibility you find in military organizations, and even in this strange, wonderful city of Washington, under the New Deal, you rarely find an organization as mixed up as this is. Why is that? I have tried to find out. And I have heard two different rumors. I have no direct information.

Why is it that there is an insistence apparently in the peacetime period to go ahead divorcing the Department of State from foreign economic affairs? Why is it that apparently it is to be divorced from O. W. I.? Our foreign information and propaganda, our foreign economic activities, ought to be under the same head as our foreign diplomatic and political activities. It should be organized that way. Britain is doing it, and the British know a great deal about such matters. Instead of that, we have it or-

ganized where the administration is one place and the policy making another.

I have heard it stated that Secretary of State Hull does not want this job of administration. The Old Eagle, as he is called by his admirers, prefers to soar in the blue of high policy and let somebody else do the work of hiring and firing. Who, however, is willing to take direct charge of hiring and firing? Why, the President. O. E. M. is under him and F. E. A. is in O. E. M.

I have heard another reason for this set-up, and that is because the President is jealous of the Secretary of State. Either one of these reasons to me is almost unbelievable. What I want to point out to the Committee is that the same sort of confusion and duplication that we see in New Deal domestic affairs has been going on in the daily administration of our foreign economic activities. A lot of people who say, "We are in favor of the President's foreign policy and everything is working fine," make the statement because they do not know anything about this complicated, duplicating machinery.

I want to ask this question: How can you expect an administration that mixes up its own administrative problems in that way to construct and administer and put together an appropriate set of machinery for world collaboration?

It has been pointed out this afternoon that as we get further along into the campaign each side is saying about the same thing, and we are very clear on the broad principles of what our post-war collaboration shall be. If you take speeches by responsible statesmen in both parties, you cannot find much difference, in that all are saying, "We intend to participate, but we intend to preserve our own integrity."

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. VORYS of Ohio. Since there is no difference in principle, I ask you who could best conduct the administrative work and set up some sort of an organization that will function wisely, the party that has the head one place and the tail another, or the party that would believe in having the sort of organization that we recognize in military affairs, in business, and in Government as sound?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman has referred to the foreign policy of the political parties. How much will we in the United States have to say what our post-war foreign policy is going to be, in collaboration with other nations, when you hear the Prime Minister of England enunciate one foreign policy which contemplates power politics and additional imperialism, and having Stalin announcing another foreign policy seeking to get an extension of his sphere of influence, and then we have another foreign policy? Who is going to tell us what to do? Are we going to be told what we are to do with our foreign policy by some of these other power politicians?

Mr. VORYS of Ohio. That is a little off the subject. I can only say this: I hope before this invasion starts we will have an authoritative public statement of the policies that at least the so-called big three have agreed upon as to their war aims and peace aims.

Mr. AUGUST H. ANDRESEN. Does not the gentleman feel that we largely lost our bargaining powers to shape the post-war world when we did not have much of it at the beginning of the war and when we were operating under lend-lease and some of these other things we have done to bring victory to our colleagues in the United Nations?

Mr. VORYS of Ohio. Former Ambassador Bullitt, who testified in 1941 before our committee along the same line that he used in the important article that he published recently on that very subject, said then, what he now says, and what he said at the end of the last war that the time to make international agreements is when you are needed.

My feeling is that regardless of past mistakes, from now on in, by merely taking a strong position in a spirit of co-operation, we can secure for ourselves and for the world arrangements that will lead to a just and lasting peace and that will not only be satisfactory to our allies but also be satisfactory to the United States of America.

Mr. AUGUST H. ANDRESEN. The gentleman states an ideal there which may be difficult to accomplish when you consider the aims of some of the United Nations.

Mr. VORYS of Ohio. There is no question about the difficulty of our present position, military, diplomatic, and political, as far as world affairs is concerned. But our country up to this time has gotten along by solving difficult situations and solving them in a way that was to the benefit of the United States as well as the rest of the world.

Mr. AUGUST H. ANDRESEN. We hope it will be that way.

Mr. CANNON of Missouri. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. Brooks].

Mr. BROOKS. Mr. Chairman, what is a general officer's command? The other day on the floor of the House of Representatives the statement was made that our Army was overstaffed and that it now has more lieutenant generals than have heretofore existed in the entire history of this country. The impression was given that anyone who wanted to be an officer could get a commission and we were getting in the position of having more officers, especially high-ranking officers, than we have privates in the Army. Of course, such inferences are ridiculous.

These statements do give rise to the inquiry as to "What is a general officer's command?" In the United States Army we find that at different times the command of a general officer has varied; but that at the present time his responsibility is greater than ever before in the history of our Army. The chart which I insert here shows the situation from June 30, 1940, to February 29, 1944:

Date	General officers	Strength of Army	Ratio
June 30, 1940.....	104	266,000	2,558
Dec. 31, 1940.....	252	618,000	2,452
June 30, 1941.....	349	1,361,000	3,899
Dec. 31, 1941.....	437	1,678,000	3,840
June 30, 1942.....	620	3,090,000	4,984
Dec. 31, 1942.....	897	5,356,000	5,971
June 30, 1943.....	1,062	6,993,000	6,585
Dec. 31, 1943.....	1,189	7,482,000	6,293
Feb. 29, 1944.....	1,209	7,590,000	6,278

¹ Estimated.

Mr. Chairman, a careful study of these figures shows a general officer in the Army of the United States with 6,278 men under his command today has almost 3 times the personal responsibility of that same general officer on June 30, 1940. Proportionally, our Army now has fewer officers today than it has had in many years.

In comparison with other armies of the world, our Army stands out as being the most efficient fighting force in the world. The following are the figures which show the command strength of the general officers in the other armies existing in the world today, to wit:

ARMY

Chinese Army: 1 general officer to 1,000 men.

Japanese: 1 general officer to 2,400 men.

British: 1 general officer to 2,528 men.

German: 1 general officer to 5,000 men.

Italian: 1 general officer to 5,100 men.

United States: 1 general officer to 6,278 men. This includes Air Forces.

AIR FORCES ALONE

Japanese: 1 general officer to 1,860 men.

British: 1 general officer to 3,365 men.

German: 1 general officer to 3,000 men.

A careful study of these figures will show that our Army is most efficiently organized; in fact, the most efficiently organized Army in existence. It is not overstaffed with general officers, and with its fine organization it is doing a magnificent job. Carping critics should assimilate these figures and give a truly great organization the recognition to which it is entitled.

Mr. TABER. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, because this measure contains appropriations for lend-lease, for the participation of the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, it is very hard to segregate the items one from the other. As a matter of fact, it appears to me that the functions of these agencies are so interwoven and so interrelated that it is quite a problem for those who have not participated in the hearings and study of this measure to subdivide the appropriations contained in the pending measure. It is suffice to say that the gross amount of the appropriation sought by this bill is a huge amount of money. The gross amount sought by this measure for lend-lease alone is the appalling sum of \$7,188,893,000, which is a sum of money far be-

yond the comprehension of any of the Members who are sitting and listening to this debate.

Mr. Chairman, while we are engaged in this war, which is the most frightful war of all time, and we must do everything that is essential and necessary to win this war at the very earliest moment, it is the wish and the will of every Member of the House to aid in bringing this war to a speedy and a successful conclusion. And it is the further wish of every Member of the House, I am constrained to say, that when this frightful war is ended that our boys may come back home, speedily and without delay, from the battlefronts where they are engaged. Therefore, we must do that which is necessary to aid in terminating this war at the very earliest moment. But, may I say here, that when our boys do come back home—when this war is over—we do not want them to come to a country which "has been burned over"—which has suffered from the scorched-earth program—because of our great generosity to all of the other nations of the earth. We have given away, we have transplanted, and we have yielded so much already to other nations. Some of this generosity has been of aid, without doubt, while some of it has been a gratuity which has not, and which will not, be of any aid or assistance in this war, and it will not be of any assistance whatever in establishing or cementing friendship with some of these countries. Friendship cannot be purchased. Friendship can only be won by honest and straightforward relationships between nations.

Mr. Chairman, as I look over the long list of nations embraced in the report accompanying this measure, I find the Union of Soviet Socialist Republics—Russia—is to receive the stupendous sum of \$2,432,596,800; that the British Empire, which includes the United Kingdom, Australia, New Zealand, India, South Africa—colonies—and the additional funds which are undistributed, will receive \$4,043,422,772; other nations, such as Greece, the French colonies, Poland, Yugoslavia, South American countries, and Turkey, will receive huge sums of money. All of these gratuities make the staggering sum of more than \$8,000,000,000.

Mr. Chairman, I am reminded during this debate of the tragic problem our people in this country have faced for the period of this war. Our farmers have faced a most tragic situation. They have suffered from a manpower shortage, and they have been almost entirely stripped of the opportunity to purchase and procure any kind or type of farm machinery. I could cite many, many instances where our farmers have tried to secure a hay rake, a mower, a plow, or a corn planter, at the time they had great need for the same. Our farmers are producing the necessary feed for our people, our Army, our Navy, and for the people in foreign countries. This is the food with which we want to prevent starvation in these foreign countries. Yet it has been almost impossible for our own people—our farmers—to purchase

and obtain any kind of a necessary farming implement with which to aid in the planting, tending, and harvesting of their crops. This is the very food which will sustain life, and which will aid in preventing hunger and starvation in this country and in foreign countries. This is the food which must be first produced on the land in this country before we can supply it to the people who need it now.

Mr. Chairman, many of us are very uncertain regarding the use of the funds which are requested in this measure. If these funds are to be used for the purchase of farming implements of all kinds in order that we may give them to foreign countries—and thus deprive our own farmers, and our own people, of the essential tools and implements with which to plant, tend, and harvest their crops—then many of the Members will loudly protest that use of the funds provided by the people of this country. I am not making this suggestion on my own part, alone, but I have read in many of the farm publications and other periodicals the statement that the lend-lease funds were being used, and that these very funds have been used for the purpose of purchasing farming implements and equipment of all kinds so the same may be sent, as a gift, of course, to foreign countries. I certainly hope those in charge of the lend-lease have not so debauched the use of those funds. I hope that those in charge of those funds have a higher regard for the people—for the farmers—of our own country than to deprive our own producers of the necessary implements and tools, and to buy and give away to the farmers of some other country those things which are so essential for the production of the food and food products for our war effort, and for our own people, including, of course, our Army and Navy. It goes without so saying that if we are reduced in our opportunity to produce the necessary food in this country, then we will suffer hunger and starvation in this Nation, and we will be deprived of the opportunity to aid those hungry and starving people in the many foreign countries where that terrible condition exists.

Before the debate closes on this measure, I ask that those in charge of this measure explain to the Members of the House the extent of those practices, to which I have referred—and to give the amount in dollars and cents which has been expended for the purchase of farming implements and farming equipment for the purpose of giving it away to the farmers in the many and various foreign countries which are mentioned in the report accompanying this bill. I am confident the people and the country want to know what is being done with the money which they provide for this war effort. They want to know what has become of the farming implements and equipment which they so sorely need, and which they have tried to purchase without success. If this farming equipment is being given away to Canada, and to other foreign nations, our farmers want to know all about it. If the money which has been provided by bond purchases, and by taxes, is being used to purchase

farming equipment and tools, and the same is thereafter being given away to the people of other nations—they want to know the facts about it. Insofar as I am concerned, Mr. Chairman, the time for secrecy has long since passed. I want to know the facts, and I want those in charge of this measure, representing the administration, to tell us all about this huge request for more money—and I want to know the use to which this money is to be put. If this money is to be used to buy and give away the farm machinery and equipment which is needed so badly by our own American farmers—and our farmers are to be further deprived of any opportunity to secure those things which they need, then I cannot submit my support to any such program. Any such plan would be an obstruction to our war effort, and it would be highly detrimental to our effort to aid in preventing hunger and starvation in the occupied nations of the world.

Mr. BRADLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to the gentleman from Michigan.

Mr. BRADLEY of Michigan. It has been said in my district on numerous occasions that the only opportunity the farmer has today to obtain much needed farm machinery is by joining the three-A program, and after having joined it, by some sort of hocus-pocus he can get the necessary priority certificates with which to purchase his equipment.

Mr. SPRINGER. I thank my distinguished friend from Michigan for that splendid observation. Recently in my own State of Indiana we found that those who were representing the A. A. A. program were sending out notices to farmers, requiring that they join the farm plan under the A. A. A. program if they were to receive nonhighway gasoline allotments and also, under the threat that boys of military age who were engaged in farming and who were the owners of farms, that unless they complied by joining the farm program of the A. A. A., would be put in class I-A and sent into the Army.

Mr. BRADLEY of Michigan. The gentleman will recall, will he not, that it was the will of this Congress, as written into a recent appropriation act, that that should no longer be permitted?

Mr. SPRINGER. I am entirely familiar with that provision. I think it was a splendid act on the part of this legislative body. I supported that praiseworthy amendment.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to my distinguished friend from Illinois.

Mr. CALVIN D. JOHNSON. In reference to the program for machinery for foreign countries, if you refer to the CONGRESSIONAL RECORD of March 22, on page 2970, you will find a list of approximately half a million pieces of farm machinery totaling 186,000 tons, which was programmed for distribution through U. N. R. R. A. I am happy to discover, though, that the program, following its disclosure, has been cut from 186,000 tons, although they denied the program

ever existed, to 20,000 tons, and it has now been placed under the control of the Army.

Mr. SPRINGER. I wish to thank my friend for that fine contribution. That is a material reduction if that policy is followed.

But as long as our farmers need farm machinery in this country, as long as they need to produce the food which is necessary to prevent hunger and starvation, then they should have this machinery which is to be allocated to foreign countries.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to my friend, a member of the committee.

Mr. RABAUT. I would like to impart the following information to the gentleman in reply to the question that he asked. The farm-machinery production in the United States in 1935 was about \$300,000,000. In 1942 it was almost \$700,000,000, and in 1943 it returned to about \$500,000,000. So it is two-thirds more than it was in 1935. Of that amount, the amount for lend-lease was 7.8 percent. So it is such a slight amount, in view of the enormous increase, that it is hardly a nick in the program.

Mr. SPRINGER. May I ask my distinguished friend from Michigan why it is, then, that our own American farmers are unable to secure the needed farm machinery which they must have in order to plant, tend, and harvest their crops?

Mr. RABAUT. The question is very well put: "The needed farm machinery." Every American farmer—and I do not blame him for it, with the shortage of help—tries to get the last word in farm machinery because he is able to pay for it. But, of course, the demand is tremendous, as is proven to the gentleman by the statement that I just made to him concerning the amount of farm machinery that has been manufactured during recent years.

Mr. SPRINGER. Of course, I do not know where the gentleman obtains his figures, and I do not know whether they are authentic, but I do know this: That our farmers cannot obtain the machinery which they need for essential farming purposes.

Mr. Chairman, may I say any such plan by which farm machinery, which is needed by American farmers, is being purchased and sent to foreign countries, does not meet with my approval and any such plan would be an obstruction to our war effort and it would be highly detrimental to our effort in preventing hunger and starvation in our own country and in the occupied nations of the world.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield to my friend from Colorado.

Mr. HILL. I might say in response to the gentleman from Michigan that he absolutely misses the whole point when he tries to put farm machinery on a price basis. What does he mean standing before this committee and telling

me, a farm implement dealer, that you can talk about the price or the amount of farm machinery manufactured when you can make one tractor and one large combine that takes the place of 100 plows which the farmers need? There is no use making excuses for the farm implement manufacturers of the country, they have not made the equipment that the farmers need, and he knows it better than anybody else. He tells us here in dollars and cents how much machinery was manufactured and tells the farmer at home that he can buy farm equipment that he needs when he knows he cannot even buy a plow.

Mr. SPRINGER. I wish to thank my friend for that observation. The implement dealers have no implements or tools to sell the farmers, and the farmers cannot buy them, under the circumstances, although they need them badly.

Mr. RABAUT. Mr. Chairman, I yield the gentleman two additional minutes, but if the gentleman does not want to take the additional time I will take time myself, as he has been very fair in debate.

Mr. SPRINGER. I am very glad to yield to the gentleman from Michigan.

Mr. RABAUT. In regard to the remarks of the last speaker, there is always a relationship between money and that which money purchases. The lend-lease exports for 1941 were around \$5,000,000, that is, in this line. They were \$10,000,000, almost, in 1942, and up to \$20,000,000 in 1943. Now there is always a relationship, no one can deny a certain relationship there. When that boils down to the point where the export is 1.8 percent, why it is evident to any man who thinks that it is infinitesimal in the entire program.

Mr. SPRINGER. Of course, may I say to my friend from Michigan that the fact remains, however, in various communities in this country, our farmers are trying to buy farm machinery. Their old machinery is worn out. They must replace it. They must have this machinery in order to produce. They cannot get the machinery.

Mr. HILL. I said nothing about equipment that was being sent abroad. I am talking about the volume of farm equipment that has been manufactured in the United States and sold to the farmers. Had the gentleman from Michigan listened to what I said, he would know I was talking about the number and type of machines that the farmer needs. He needs plows. He needs small tractors, rubber, and equipment of all kinds to keep up his farm. The gentleman has been quoting figures in dollars and cents.

Mr. SPRINGER. May I say the gentleman from Colorado is correct and I want to thank him for that splendid observation. We must aid our American farmers. Any failure in this respect will bring hunger and starvation to the people at home, and will materially obstruct the war effort.

The CHAIRMAN. The time of the gentleman from Indiana [Mr. SPRINGER] has again expired.

Mr. CANNON of Missouri. Mr. Chairman, we have a peculiar situation here. Gentlemen who express a burning de-

sire for information which easily could have been secured if they had consulted the hearings or the departments in charge of the subject matter.

It might interest the House to know that more farm machinery is being manufactured today than was ever manufactured before in a like period in the history of the United States, or any other country; that we are sending abroad less farm machinery, under lend-lease, than was ever sold abroad in pre-war days. It is true that in many communities farmers cannot get all the implements they want, but they are getting more than they ever had before. It must be recalled that we are at war; that we need steel for guns and planes and battleships. The gentleman from Colorado mentioned rubber; that they wanted rubber on the farm. We need rubber for war purposes. We cannot have both butter and guns. If the gentleman wants to take away from the soldier the gun in his hands, or the plane that is protecting him from attack above, in order to give some farmer more machinery than he ever had before, of course, it is his privilege to take that position.

Mr. COLE of Missouri. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to my colleague from Missouri.

Mr. COLE of Missouri. I wonder if the gentleman from Missouri will tell us approximately how much farm equipment has been sent to Great Britain under lend-lease?

Mr. CANNON of Missouri. Only 1.8 percent of our entire production, so small an amount that it would not have any appreciable effect upon our national economy. Furthermore, it is said in furtherance of the real objective of lend-lease, that the purpose of our contributions is to help distressed nations to help themselves. We have to provide food for them or see them starve. It is much cheaper and it is much more effective for us to provide the machinery for them to produce their own food than it is for us to produce it and send it over there by ship. The amount that we send them is the minimum amount that they must have in order to return to self-sustaining production.

Mr. COLE of Missouri. The reason I asked you that question, the gentleman will probably recall a few weeks ago when several members of the House of Commons and the House of Lords of Great Britain were visiting here in Washington, at which time there was a reception or a meeting held for them in the Senate caucus room. I remember very distinctly that Mr. Herbert Butcher, a member of the House of Commons, in his speech, was very profuse in his thanks to America and to the American farmer for the farm equipment that had been sent to them under lend-lease, and particularly tractors and power-driven farm equipment. That is the reason I asked the question.

Mr. CANNON of Missouri. That is gratifying that they do show appreciation. As we know, England always imported the major portion of her food, but since the war she has plowed up every

available acre in order to produce as much of their food as possible. They did not have the machinery. They did not have the factories to produce farm machinery. According to official statistics the lend-lease machinery we have sent to England has increased the production of food in England 70 percent. Otherwise, that 70 percent would have been sent across to them in ships. But, with this small amount of farm machinery in comparison to our total production of machinery—less than 2 percent—at a time when we are supplying our farmers more than they ever got before, it is the most absurd thing in the world that anybody should be complaining because of these few pieces of machinery sent over to help a bombed and beleaguered people produce their own food and become to that extent self-sustaining.

Mr. COLE of Missouri. I am sure the gentleman does not mean that we should restrict our own production and deprive our own farmers of equipment that they need, for the purpose of increasing production in the British Isles.

Mr. CANNON of Missouri. No; we have not appreciably deprived our own farmers. They receive 98.2 percent of our production of farm machinery—a larger production than has ever been delivered to American farmers before. Before the war we shipped to Italy, between 1936 and 1940, two and one-half million dollars' worth of farm machinery, and we are sending over there now a few pieces that is pitifully less than we formerly sold them in pre-war days. Why not complain about the amount we sent them in pre-war days, which was a much larger percentage of our total production than we are sending them today?

Mr. AUGUST H. ANDRESEN. May I ask the gentleman a question about the U. N. R. R. A. appropriation?

Mr. CANNON of Missouri. I yield with pleasure to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I do not like to change the subject. However, some weeks ago, when our colleague the gentleman from Arkansas [Mr. FULBRIGHT] was in England, I heard a radio broadcast in which he was quoted as having said that some of the money that was being provided for U. N. R. R. A. would be used in building schools and colleges and teaching a new culture over in those countries as they are recovered from our enemies. Does the appropriation contained in this bill contemplate a program of that kind in any manner?

Mr. CANNON of Missouri. There is no reference to anything of the kind in connection with the hearings that we have held. Absolutely nothing in this bill or in the hearings or the justifications to sustain any such proposal. Our contribution consists of food, and the minimum amount of food to sustain life; medicine, the minimum amount of medicine that can possibly be supplied; and clothing to people who for 2 years have had no source of clothing replacement, and the cheapest clothing we could buy; principally, second-hand; and restoration of facilities such as sewerage, light, and telephone systems, although it was

explained before our committee that in one city they supplied less than 100 telephones for a city which in pre-war days had 30,000 telephones. We supply the minimum of indispensable facilities.

Mr. AUGUST H. ANDRESEN. As I understand it, when the Army goes into one of these devastated cities that has been bombed they generally go ahead and restore the water system, the sewerage system, the communication system, the lighting system, so that they can get people back into somewhat normal living conditions again. It is my understanding that U. N. R. R. A. will go in afterward and try to provide necessary things for the people.

Mr. CANNON of Missouri. No. U. N. R. R. A. only does repair work, and if patchwork has already been done by the Army, U. N. R. R. A. does not seek to improve it. That was brought out in the hearings before the committee. We provide no finished construction of any kind.

Mr. AUGUST H. ANDRESEN. I wanted to make certain that none of this money was to be used in teaching a new ideology to these people.

Mr. CANNON of Missouri. Such a proposal is foreign to anything carried in this bill.

Mr. AUGUST H. ANDRESEN. Possibly the gentleman from Arkansas was a little liberal in his statements when he was over in England, then.

Mr. CANNON of Missouri. Possibly he was misquoted or misunderstood. There is nothing in the bill to justify any such proposal.

Does the gentleman desire to rise at this time?

Mr. TABER. No; we have several Members who wish to be heard today.

Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. HILL].

[Mr. HILL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. CASE].

SHALL SURPLUS DOMESTIC WOOL BE CONTRIBUTED TO U. N. R. R. A.?

Mr. CASE. Mr. Chairman, I take this time because I want to discuss the wool story. I think the record has gone far enough in trying to say that U. N. R. R. A. has made no commitments or that no commitments have been made on behalf of U. N. R. R. A. Either commitments have been made or they have been made under an alias that is no disguise at all.

At the time that the U. N. R. R. A. bill was before the House on the 23d of March, during the remarks of the gentleman from Texas [Mr. LUTHER JOHNSON], I called attention to the reports that commitments were being made for fabrics and for wool on behalf of U. N. R. R. A. At that time the gentleman from New York [Mr. BLOOM] asked the gentleman from Texas [Mr. LUTHER A. JOHNSON] to yield and made this statement:

There is no commitment made by U. N. R. R. A., there has been no money spent by U. N. R. R. A. in any way, shape, or form up to the present time. That is positive. U. N. R. R. A. has not spent one penny of

the money they are authorized or supposed to get under this authorization and they have not made any commitments.

Subsequently, following further remarks between the gentleman from Texas and myself, Mr. LUTHER A. JOHNSON said:

With reference to the inquiry with regard to clothing I will say that no commitments whatever have been made by U. N. R. R. A. Until an appropriation is made by the Congress and the funds are authorized to be spent, there will be no obligation, no commitments of any kind for any material whatever. We are assured of that.

The gentleman from Missouri [Mr. CANNON] today said again that no commitments have been made on behalf of U. N. R. R. A. so far as wool is concerned.

Now, what is the record? The gentlemen, relying, no doubt, on statements made to them, are being misled.

As far back as last November commitments were being made on behalf of this program. On the 10th of November 1943 the Women's Wear Daily carried a news story from Washington which contained this paragraph:

Procurement needs for supplying liberated areas, on the basis of supplying 3,500,000 individuals in each bloc of 10,000,000 inhabitants, include, for one bloc, 612,000 women's coats, 585,000 skirts, and 615,000 blouses, it was stated by Jerome I. Udell, Director of Clothing and Textile Procurement for the Foreign Economic Administration, which has absorbed the functions of the Office of Foreign Relief and Rehabilitation Operations.

Mr. Udell, who released specific figures on his agency's program, coincident with the signing of the relief and rehabilitation agreement at the White House today, pointed out that a woman's wardrobe consists of a coat, sweater, trousers, skirt, cap, gloves, underwear, socks, and shoes.

And so forth.

Mr. WRIGHT. Will the gentleman yield?

Mr. CASE. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. I remember that debate very well, I may say to the gentleman, and the impression I carried away was that there were no binding contracts entered into between U. N. R. R. A. and any manufacturer or any grower, although there were commitments in one sense; that is, inquiries were being made and the officials had stated that certain goods would be needed; nevertheless U. N. R. R. A. did not bind itself.

Mr. CASE. I like the gentleman and I hope he will not get too far out on a limb on that, because the record is against him.

Mr. WRIGHT. If it is, I would be glad to know it.

Mr. CASE. On the 13th of December, the Daily News Record in a dispatch from Washington stated in part as follows:

The \$54,000,000 O. F. R. R. O. program under way at present breaks down into about \$10,000,000 for blankets and piece goods to be shipped abroad as they come from the mill; \$24,000,000 for knitted wear, and the remaining \$20,000,000 for woven fabrics, cotton and wool, to be fabricated into garments, of which from seven to eight million will be spent for the fabrics themselves and the remainder for the manufacture of the garments. It is to the woven fabric part of the

program that the new system applies, since items such as sweaters, caps, gloves, shoes, and so forth will be bought on a straight purchase basis.

The contract which Treasury Procurement is making with mills for the woven fabrics part of the program carries the following clause:

"It is understood and agreed that before delivering any of these goods to the Procurement Division the contractor shall make every reasonable effort to negotiate satisfactory financial arrangements for the disposal of the goods at the prices named herein to garment manufacturers designated by the Procurement Division."

The writer of the story, Harry E. Bessegue, stated that the Treasury's new procurement contract was explained to him by Robert LeFevre, assistant to the Director of the Procurement Division and W. E. Galiher, commodity specialist in textile and clothing procurement, as a part of a \$54,000,000 program to meet requirements of the Office of Foreign Relief and Rehabilitation Operations. That agency is sometimes referred to alphabetically as O. F. R. R. O., and it was the immediate forerunner of the Foreign Economic Administration which has been a purchasing and administrative agency for U. N. R. R. A. in this country.

Presumably some of the Members of the House who have said that U. N. R. R. A. has made no commitments have been told that in so many words, And that statement gets plausibility from the fact that no appropriations have heretofore been made for U. N. R. R. A., but the lineage of O. F. F. R. O. and F. E. A. as procurement agencies for U. N. R. R. A. is clear and indisputable. Certainly the textile trade knew it way back in December. I read again from a Washington dispatch in the Women's Wear Daily on December 10, 1943, which reported that:

The Foreign Economic Administration will be the American supply agency for the United Nations Relief and Rehabilitation Administration if Congress approves, Leo T. Crowley, Director of F. E. A., told the House Foreign Relations Committee today.

Apparently Mr. Crowley testified in the hearings of the Committee on Foreign Affairs on U. N. R. R. A. that the F. E. A. would be the American supply agency.

Even earlier statements along the same line had been reported. On the 3d of December 1943, this dispatch appeared in the Women's Wear Daily:

Resourcefulness and ingenuity are often needed to locate the necessary fabrics to make up into clothes for the liberated people of war-torn areas, according to Jerome I. Udell, Chief of the Clothing, Textile, and Footwear Branch of the O. F. R. R. O.

And before that, on the 23d of November 1943, a dispatch from Atlantic City appeared in the Women's Wear Daily of November 24, which said:

It is considered likely, by sources close to the U. N. R. R. A. Council, that part of the supplies to be drawn from the United States by U. N. R. R. A. will be obtained from the Foreign Economic Administration, which has taken over some of the functions of the Office of Foreign Relief and Rehabilitation Administration, recently abolished.

It will be remembered that a conference on United Nations' relief program was held at Atlantic City. That carries

the ancestry of U. N. R. R. A.'s clothing program back to O. F. R. R. O., about which the Bureau of Journal of Commerce, on November 16, carried this statement:

The Office of Foreign Relief and Rehabilitation Operations announced here yesterday that its initial requirements on the recently announced purchase program will total to 54,000,000 yards of cotton and part-cotton and wool fabrics, with partial delivery in the remainder of this year and the balance by March 31, 1944. O. F. R. R. O. is initially buying clothing for 10,000,000 people in occupied countries.

The conclusion is inescapable that O. F. R. R. O. made purchases for the U. N. R. R. A. program and that the persons who were setting up U. N. R. R. A. knew it and approved it. The Foreign Economic Administration took over O. F. R. R. O. and Mr. Crowley told the Foreign Affairs Committee that F. E. A. would be the American supply agency for U. N. R. R. A. So why on March 23 and again today try to say that no commitments have been made on wool or clothing in behalf of U. N. R. R. A.?

Why, on the 26th of March, in a Sunday edition, the New York Herald Tribune carried a story by Mary Lyon, undoubtedly written 3 days or more before that, which reads, in part, as follows:

It begins to appear that the bulk of Government bids for women's and children's apparel in connection with the plans of the United Nations Relief and Rehabilitation Administration will be placed with producers outside the New York area. This drift is evident, in spite of urgent recommendations on the part of the International Ladies' Garment Workers' Union to New York dress manufacturers, to take an active part in bidding on dresses now being sought by the Procurement Division of the United States Treasury.

Now, note this from this article in the New York Herald Tribune:

The Treasury Department made known on March 17 that bids were opened for 40,000 wool dresses, "cut, make, and trim," meaning that the Government will supply the fabric. Mr. Zimmerman said that the offer just closed was merely the beginning in the Government's rehabilitation plans, which will call for millions of garments.

March 17, it will be noted, was a week before the U. N. R. R. A. bill passed here in the House. Bids had been opened on 40,000 wool dresses at that time. I have also an interesting letter dated February 25, 1944, that Jesse Jones, Secretary of Commerce, wrote the gentleman from Wyoming [Mr. BARRETT] following a meeting which some of us had with him on the subject, in which Mr. Jones said:

On February 14, when you and your associates discussed with me the stock-pile wool held by Defense Supplies Corporation, I stated that after the sale scheduled for February 17 was completed, no additional sales would be made until the various Government agencies interested in wool had considered your suggestions and until after another conference with you.

I skip some of the suggestions, and call attention to paragraph (2) of the suggestions which Mr. Jones states and on which he comments as follows:

That United Nations Relief and Rehabilitation Administration consider buying and

manufacturing our surplus wool for distribution in liberated areas.

The Director of U. N. R. R. A. states that he has no funds with which to buy the wool, and indicated that U. N. R. R. A. would probably not need a great deal of wool.

There is the record. While Members of the House are led, no doubt in good faith, to say on this floor that no commitments had been made on behalf of U. N. R. R. A. for the purchase of wool or clothing, the record is clear, first, that the Office of Foreign Relief and Rehabilitation Administration was making commitments and making procurements under the direction of a gentleman by the name of James I. Udell.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. TABER. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CASE. Second, that subsequently this organization, which is called O. F. R. R. O., was succeeded by the Foreign Economic Administration, with which Udell continued as buyer of wool and textiles for the U. N. R. R. A. clothing program. And this bill before us asks an appropriation for the administrative expense of the Foreign Economic Administration as the supply agency to arrange procurements in behalf of U. N. R. R. A., as well as an appropriation to U. N. R. R. A. for what is bought. And the record is clear that commitments were made; that on the 17th of March the Treasury said that bids had been opened; that they had been advertised previously to make procurement for this purpose.

Now, then, how can we do something about the wool situation at the same time that we appropriate for U. N. R. R. A.? How can we do something about the suggestions discussed with Secretary Jones?

When the U. N. R. R. A. bill was before the other body of the Congress they put in, in section 5, language which reads as follows:

In adopting this joint resolution the Congress does so with the following reservation: "That in the case of the United States the appropriate constitutional body to determine the amount and character and time of the contributions of the United States is the Congress of the United States."

It has occurred to me that under the language of the specific reservation concurred in by the House, Congress is the constitutional body to determine "the character" of the contributions of the United States. It has occurred to me that it would be appropriate to offer an amendment to the bill when it comes up for amendment tomorrow to reduce the appropriation of \$450,000,000 proposed for procurement for U. N. R. R. A. by the amount which the hearings before the Committee on Appropriations showed was being requested for the purchase of raw wool, and in lieu of the amount of cash proposed to be appropriated for the purchase of raw wool, to appropriate as great or even greater contribution in the form of raw wool now owned by the United States.

The amendment would come on page 5, line 11, to reduce the figure "\$450,000,-

000" to "\$428,300,000," and add these words: "in funds and 61,740,000 pounds of raw wool from stocks owned by the Commodity Credit Corporation or the Defense Supplies Corporation."

With respect to the figures I have used, I have examined the specifications, or table of justifications submitted to the Committee on Deficiencies of the Committee on Appropriations, the subcommittee which has been handling this bill, and there I find that of the amount requested, \$21,700,000 is for the purchase of raw wool for the "postpreparatory period," with which it is expected to buy 61,740,000 pounds of raw wool.

The figures are given in metric tons, but translation into pounds gives the 61,740,000 figure. Consequently, taking the figures submitted to the subcommittee of the Committee on Appropriations and applying them to this bill, we can appropriate pounds of raw wool rather than dollars, and it will be an appropriation of wool already owned by the United States, as pointed out by the gentleman from Colorado [Mr. HILL], from stocks held by Commodity Credit or Defense Supplies Corporation, both Government corporations.

Now, then, unless something of this sort is done, we will be appropriating money for U. N. R. R. A. to go into the world market and buy wool for its clothing relief program while the Government already owns huge stocks of both domestic and foreign wool that hang like a heavy cloud over the domestic wool industry.

The proposal I have made is not a new thing in our economy. Members will recall that a few years ago 100,000,000 bushels of Government-owned wheat was proposed for Chinese famine relief. And in more recent times, surplus foods have been used in domestic relief programs. If it was good and proper business for the United States Government to apply some of its stocks of surplus foods, bought up by the Surplus Commodity Corporation, to the domestic relief program, it is just as good business to apply to our foreign relief program some of our surplus wool, bought and now held by these Government corporations.

I presume that some Members will say, "That sounds all right, and surely the procurement officers will use some of the money we appropriate to buy the wool from our Government stocks." Unfortunately Members of Congress cannot make any such assumption.

I have here a letter from Mr. F. Eugene Ackerman, of the American Wool Council, to whom reference has already been made. He wrote me under date of March 25, 1944, following his reading of the colloquy which took place between the gentleman from Texas [Mr. JOHNSON] and myself. He said that he was amazed to read that anyone should deny that U. N. R. R. A. was buying textiles for relief. He stated that he had a couple of conferences with Mr. Dewey Anderson, a State Department official in charge of certain U. N. R. R. A. operations, and with Mr. Udell, then Chief of the Textile and Clothing Procurement, now resigned, and also with a Mr. Konhaim, successor

to Mr. Udell, when Mr. Anderson was also present.

In this letter, Mr. Ackerman says:

Mr. Konhalm told me that in U. N. R. R. A. purchases U. N. R. R. A. would not use domestic wool, but would use foreign wool. He added that he and U. N. R. R. A. were engaged in a relief task, and not in tinkering with the domestic economy.

At a further point in the letter Mr. Ackerman says:

U. N. R. R. A.'s Procurement Chief, Mr. Konhalm, told me he would not use domestic wool in buying relief fabrics, but would use foreign wool, saving in original costs and tariff. He said that the suggestion that domestic wool be used in relief fabrics was one of those panaceas, and that U. N. R. R. A. was engaged in a relief task and not in tinkering with the domestic economy.

This makes it plain that if anything is to be done to insure that this surplus supply of wool which the Government already owns in the United States is used in supplying these needs, it has to be done by action of the Congress. The way at hand is to write it into this bill. The opportunity exists, because the U. N. R. R. A. bill as finally agreed to provided that Congress may say something about "the character" of its contributions.

It may be that Mr. Konhalm has no interest in the domestic economy of the country, but the taxpayers of the country and the Congress do have some interest in the domestic economy of the country and we have the bills to pay.

The Tariff Commission has some interest in the domestic economy of the country. Just in the past 10 days there has come from the Tariff Commission a very disturbing report on the wool situation in the United States. It is report No. 3 in the War Changes in Industry series, dated May 1944.

The Tariff Commission takes note of the possibility that some of the surplus wool owned by the United States might be used in the relief program. It calls attention to the fact that unless that is done the domestic economy in wool faces a break-down. It calls attention to the fact that any attempt to protect it by a subsidy or by a protective tariff flies in the face of other policies of the present administration. So this Tariff Commission study concludes with the statement that in spite of whatever obstacles exist, nevertheless the opportunity to use some of this surplus wool in foreign relief has merit.

Therefore, if this amendment or an amendment along that line is offered tomorrow, I trust it will have the support of the membership of the House.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief

and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made earlier in the day and include therein a statement from the Railroad Commission of Texas, also one from Commissioner Culberson, and a newspaper article from the Houston Chronicle.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by Rear Admiral Emory S. Land before the Institute of Transportation, New York University School of Law and School of Commerce, Accounts, and Finance. I have submitted this to the Public Printer and am advised that it will make three and one-third pages of the CONGRESSIONAL RECORD at a cost of \$166.40. The material has been carefully collected and I think it is valuable information.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend by own remarks in the RECORD on three subjects and to include therein statements and excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. TABER. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. WIGGLESWORTH] be permitted to revise and extend the remarks he made in the Committee of the Whole this afternoon and include therein excerpts from hearings and other documents; and further that he be permitted to extend his remarks and include therein a comment by Raymond Lonergan, from the editorial page of Labor of June 3, 1944.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. COCHRAN] be permitted to extend his remarks in the RECORD and include therein a radio address; that the gentleman from Pennsylvania [Mr. WEISS] be permitted to extend his remarks and include therein a letter from Ernie Pyle; and that I be permitted to extend my remarks and include

therein certain excerpts from newspaper editorials, and so forth.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BARRY] be permitted to extend his remarks in the RECORD and include therein an address by the president of the Federated Merchants Organization of Buffalo, N. Y.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an editorial which appeared in the May 30 edition of the Toledo Legal News, also a letter which appeared in the May 22 edition of the Washington Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. HAGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and further to extend my remarks and include therein an article from the Grand Forks, N. Dak., Herald.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. PAGÁN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio speech.

The SPEAKER. Is there objection to the request of the Commissioner from Puerto Rico?

There was no objection.

[The matter referred to appears in the Appendix.]

CONGRESSIONAL REPRESENTATION AT THE PEACE TABLE

Mr. MERROW. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. MERROW. Mr. Speaker, when this war ends peace treaties will be made by the United States with the defeated nations. There should be congressional representation at the peace table. Had President Woodrow Wilson seen fit to include representatives of both parties in Congress in the last peace delegation it is conceivable that the treaty would have been more than a scrap of paper. I have

today introduced a resolution which requests the President to appoint Members of the Senate and the House of Representatives to the commission or commissions selected to negotiate the peace treaties or agreements at the close of the present war. The resolution provides that the congressional delegation be equally divided between Democratic and Republican Members. The appointment of Members of the Senate and the House to the commission selected to negotiate the peace treaties will produce executive-legislative cooperation so necessary in the conduct of foreign affairs. The passage of the resolution I have introduced will be most helpful in the formation of treaties and will ensure more favorable reception of the agreements reached at the close of the present war. We must have greater cooperation between the legislative and executive branches of the Government in the making of treaties.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. MERROW. I yield.

Mr. CANFIELD. I think the proposal of the gentleman is both timely and constructive. I commend him for making it.

Mr. MERROW. I thank the gentleman.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. TALBOT, for June 2, 3, and 5, on account of business.

To Mr. HESS (at the request of Mr. COLE of New York), for 4 days, on account of official business.

To Mr. STIGLER, for Saturday, Monday, Tuesday, and Wednesday, on account of the death of his brother.

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include quotations and excerpts from certain state documents, from Mr. Churchill's speech, and from press reports.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

ADJOURNMENT

Mr. THOMASON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 31 minutes p. m.) the House adjourned until tomorrow, Saturday, June 3, 1944, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, June 6, 1944)

There will be a meeting of the Aviation Subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, June 6, 1944, to begin public hearings on bills extending the Civilian Pilot Training Act.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

(Tuesday, June 13, 1944)

The Committee on the Merchant Marine and Fisheries will continue its consideration of H. R. 4486, relative to the post-war disposition of merchant vessels, on Tuesday, June 13, 1944, at 10 a. m.

Persons desiring to be heard should notify the clerk of the committee in writing as soon as possible.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1604. A letter from the Attorney General, transmitting a draft of a proposed bill to amend section 327 (h) of the Nationality Act of 1940; to the Committee on Immigration and Naturalization.

1605. A letter from the Chairman, Board of Investigation and Research, transmitting a summary of a report on Federal regulatory restrictions upon motor and water carriers (H. Doc. No. 637); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

1606. A letter from the Attorney General, transmitting a draft of a proposed bill to provide for the extension and application of the provisions of the Classification Act of 1923, as amended, to certain officers and employees of the Immigration and Naturalization Service in the Department of Justice; to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CANNON of Missouri: Committee on Appropriations. H. R. 4937. A bill making appropriations for defense aid (Lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes; without amendment (Rept. No. 1591). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. H. R. 4911. A bill to amend the Federal Crop Insurance Act; without amendment (Rept. No. 1592). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MURDOCK:

H. R. 4932. A bill to amend sections 4, 7, and 17 of the Reclamation Project Act of 1939 (53 Stat. 1187) for the purpose of extending the time in which amendatory contracts may be made, and for other related purposes; to the Committee on Irrigation and Reclamation.

By Mr. DICKSTEIN:

H. R. 4933. A bill to amend the Revenue Act of 1943; to the committee on Ways and Means.

H. R. 4934. A bill to amend the Revenue Act of 1943; to the Committee on Ways and Means.

By Mr. BULWINKLE:

H. R. 4935. A bill to provide for a study of multiple taxation of air commerce, and for

other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SHEPPARD:

H. R. 4936. A bill to provide for the refund of certain interest paid by veterans on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. FEIGHAN:

H. R. 4938. A bill to provide for the investigation by the Federal Bureau of Investigation of black-market operations in Cleveland, Ohio; to the Committee on the Judiciary.

By Mr. PETERSON of Georgia:

H. R. 4939. A bill to provide for improved agricultural land utilization by assisting in the rehabilitation and construction of drainage works in the humid areas of the United States; to the Committee on Agriculture.

By Mr. FARRINGTON:

H. R. 4940. A bill to authorize the admission into the United States under a quota for Koreans, persons of the Korean race, to make them racially eligible for naturalization, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. SPENCE:

H. R. 4941. A bill to extend the period of operation of the Emergency Price Control Act of 1942 and the Stabilization Act of October 2, 1942, and for other purposes; to the Committee on Banking and Currency.

By Mr. MERROW:

H. Con. Res. 89. Concurrent resolution to provide for the inclusion of congressional representatives on any commission which treats with peace treaties or agreements; to the Committee on Foreign Affairs.

By Mr. DICKSTEIN:

H. Res. 576. Resolution to provide for the temporary admission of political or religious refugees of continental Europe into areas within the United States to be known as free ports for refugees; to the Committee on Immigration and Naturalization.

By Mr. GILLIE:

H. Res. 577. Resolution authorizing an investigation of the shortage of agricultural implements, and for other purposes; to the Committee on Rules.

By Mr. H. CARL ANDERSEN:

H. Res. 578. Resolution authorizing an investigation of the shortage of agricultural implements, and for other purposes; to the Committee on Rules.

By Mr. ROBINSON of Utah:

H. Res. 579. Resolution authorizing the printing of additional copies of the hearings held before the Committee on Roads of the House of Representatives, current session, on the bill (H. R. 2426) to supplement the Federal-Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECKWORTH:

H. R. 4942. A bill for the relief of Mr. Lum Jacobs and Mrs. Lum Jacobs; to the Committee on Claims.

By Mr. FISHER:

H. R. 4943. A bill for the relief of Mrs. Nettie Peters; to the Committee on Claims.

By Mr. FORAND:

H. R. 4944. A bill for the relief of Robert F. Birt; to the Committee on Claims.

By Mr. GORSKI:

H. R. 4945. A bill for the relief of Myles Perz; to the Committee on Claims.

By Mr. McGEHEE:

H. R. 4946. A bill to reimburse certain aviation cadets and former aviation cadets for the value of personal property lost or damaged as the result of a fire at Carroll College, Helena, Mont., on January 8, 1944; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred, as follows:

5781. By Mr. KELLEY: Petition of certain doctors and other citizens of Torrance, Pa., favoring the commissioning of X-ray technicians as officers in the Medical Corps of the Army and the Medical Corps of the Navy; to the Committee on Military Affairs.

5782. Also, petition of the Pennsylvania Federation of Women's Clubs, urging support of the Thomas bill, S. 1670, to provide for a broad publicly supported educational program; to the Committee on Education.

5783. Also, petition of the Pennsylvania Federation of Women's Clubs, urging the setting up of a United Nations council to proceed with the formation of the general inter-

national organization foreshadowed in the Moscow Declaration and the Connally resolution; to the Committee on Foreign Affairs.

5784. By Mr. MYERS: Petition of sundry citizens of Philadelphia, Pa., protesting against House bill 2082, providing for the return of prohibition; to the Committee on the Judiciary.

5785. By the SPEAKER: Petition of Local No. 685, U. A. W.-C. I. O., United Automobile, Aircraft, and Agricultural Implement Workers of America petitioning consideration of their resolution with reference to support of the President's request for continuation of the Fair Employment Practice Committee; to the Committee on Appropriations.

5786. Also, petition of Local No. 44, U. A. W.-C. I. O., United Automobile, Aircraft, and Agricultural Implement Workers of America, petitioning consideration of their resolution

with reference to the continuance of the Fair Employment Practice Committee; to the Committee on Appropriations.

5787. Also, petition of the chairman, Central Joint Committee of the Coalition Party, San Juan, P. R., petitioning consideration of their resolution with reference to Cayetano Coll y Cuchí's speech; to the Committee on Naval Affairs.

5788. Also, petition of the executive council of the Textile Workers Union of America, petitioning consideration of their resolution with reference to the Presidential veto of the tax bill; to the Committee on Ways and Means.

5789. Also, petition of the Texas Motor Transportation Association, Inc., petitioning consideration of their resolution with reference to the relinquishment by the Federal Government of the Texas State Employment Service; to the Committee on Labor.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks on three different subjects in the Appendix; in one to include therein a speech by Wendell Berge, Assistant Attorney General, and in the other two to include certain excerpts.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

FOREIGN ECONOMIC ADMINISTRATION ACT, 1945

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4937, the Foreign Economic Administration Act, 1945, with Mr. WHITTINGTON in the Chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, will the Chair advise us as to the status of the time remaining for debate?

The CHAIRMAN. At the end of the debate on June 2 the gentleman from Missouri [Mr. CANNON] had consumed 1 hour and 41 minutes; the gentleman from New York [Mr. TABER] had consumed 2 hours and 42 minutes.

The gentleman from Missouri [Mr. CANNON] is recognized.

Mr. CANNON of Missouri. If I may inquire of the gentleman from New York, the gentleman has the advantage to the extent of 1 hour and 1 minute.

Mr. TABER. I believe that is correct.

Mr. CANNON of Missouri. There now being 1 hour and 45 minutes left today, taking out the 1 hour and 1 minute would leave 44 minutes, of which the gentleman would be entitled to 22 minutes; is that correct?

Mr. TABER. I believe that is the way it would figure.

Mr. CANNON of Missouri. In other words, the time now to be distributed would be allotted 22 minutes to the gentleman from New York and this side of the aisle to have the remainder of the time between now and 2 o'clock.

Mr. TABER. That seems to be the way it figures.

Mr. CANNON of Missouri. Does the gentleman from New York desire to use time now?

Mr. TABER. Mr. Chairman, I yield myself 5 minutes.

The CHAIRMAN. The gentleman from New York is recognized for 5 minutes.

Mr. TABER. Mr. Chairman, when I had the floor yesterday I stated that we did not have satisfactory support, in my opinion, for the items contained in the lend-lease estimate and the U. N. R. R. A. estimate. Certain documents have been furnished us from the War Food Administration since I started to take the floor yesterday. Those documents do not, in my opinion, clear up the situation. The price of one type of food, according to the information I have from the War Food Administration itself, is apt to go up; the price of all the other items that are included has gone down. The only item that has gone up at all has been milk and related products, condensed milk, milk powder, and butter items.

Whether they will go up from now on, I do not know. The other items involved, like pork, beef, and lard, have gone down very materially; so has cheese, and they are away below the figures and the prices that were quoted in February. Under the circumstances, there will be four to five hundred million dollars of surplus funds, in my opinion, in the lend-lease item and forty to fifty million dollars of surplus funds, before they get through, in the U. N. R. R. A. item.

Mr. Chairman, I am not going to offer a motion to cut the lend-lease item or the U. N. R. R. A. item, for the reason they are so-called war items and items involving foreign relief. I am going to put it square-toed up to these departments to buy these things for what they ought to buy them for and to make a report to us on what they have done. It is up to them now. I am going to leave it up to them rather than to take the responsibility myself to keep the situation clean and to keep the prices of these things down insofar as they can and save some of this money for the Treasury.

Instead of going on the spot myself, I am leaving them on the spot. Frankly, it is a spot because almost every one of these prices is today below the February quotation and every single one of these prices is below what they are asking for at this moment. Under these circumstances I am going to leave it up to them and see what kind of a job they do. It is a very unsatisfactory situation, but I do not want the membership of the House to face criticism because of opposition or because of any attempt to cut a war appropriation, nor do I care to put them on the spot in reference to this U. N. R. R. A. proposition. On the other hand, I want them to keep faith with the people of the United States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute, in order to ask the gentleman a question.

Mr. TABER. I yield to the gentleman from Missouri.

Mr. CANNON of Missouri. Does the gentleman believe they have bought material they should not have bought or paid prices they should not have paid?

Mr. TABER. I think in a great many cases they have bought and paid more than they should.

Mr. CANNON of Missouri. Will the gentleman tell us what has been bought that should not have been bought?

Mr. TABER. I could; yes.

Mr. CANNON of Missouri. And what price they paid that should not have been paid?

Mr. TABER. I will give one little illustration of prices that have been paid. Cheese on the New York market today is 26.4 cents a pound. On this proposition they have figured 34 cents for cheese.

Mr. CANNON of Missouri. Will the gentleman permit this inquiry? Those things have been purchased, have they?

Mr. TABER. Those things have been purchased and the prices that are built up here are larger than the prices on the market has been.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute. What the gentleman says is very true—that prices submitted to us were more than cheese was bringing in the open market, but Colonel Olmstead appeared before the committee and in response to questions asked by the gentleman from New York he stated that cheese was a particular commodity which required exceptional care in packing and protection for shipment and that the prices quoted were the lowest prices at which cheese could be bought, packaged, and delivered to shipside in a condition ready for shipment overseas. As I recall it, the gentleman did not take issue with Colonel Olmstead on that point at the time.

Mr. TABER. I did not have his figures at that time. I have them now.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute in order to permit him to answer.

Mr. TABER. They are above the prices that are quoted in here. His setup is based on the month of February prices and his figures are based on 110 percent of February prices, whereas at the present time instead of being higher than the February prices they are about 38 percent of the February prices.

Mr. CANNON of Missouri. As I understand it, the gentleman claims that too large a price was paid for cheese?

Mr. TABER. That is my understanding.

Mr. CANNON of Missouri. Here is the statement made to the committee, if the gentleman will permit:

Cheese: For the usual type of American cheese, the W. F. A. price, including the cost of export packaging, runs between 28 and 30 cents a pound.

Packed for the domestic trade, it may be possible to procure it at 27¾ cents a pound or lower. The budget figure was intended to be based upon a cost of 30 cents per pound, which would give a total of about \$12,000,000 for 18,000 metric tons.

I think the gentleman will agree the Government has not paid too much.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. TABER. Mr. Chairman, that is not the situation that was presented to us with the statement that came in yesterday. The figure on cheese for this purpose is practically 34½ cents on the basis of what this cheese was figured at. The gentleman will see that in the column "Estimated average price per pound" that that was what the thing was figured on. I do not know how there can be any answer to that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute. The schedule submitted to us yesterday shows that the W. F. A. sales price for the month of February per pound, without the 10 percent allowed, was 0.30639, including packaging, transportation, and storage. There is the estimate and it shows that every possible economy was practiced in the purchase of cheese and other dairy products.

Mr. TABER. On the other hand, if the gentleman will look at the next column, he will see the price at which the estimate was figured. That is a little over 34 cents.

Mr. CANNON of Missouri. That includes 10 percent which is always added in anticipation of any change that may be made in quotations before the commodity can be purchased.

Mr. TABER. But we know at this time that instead of a rise there has been a drop.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute. We did not know it at the time, and we do not know now, which direction the market will take in the future. Contingencies cannot always be anticipated but we must make allowance for them as is the custom in procurement.

I trust the gentleman will not object to paying a higher price if it is impossible to secure it at the lower price.

Mr. TABER. I am proposing that we let this gentleman give us an accounting on what his operations are, and I am suggesting that he go on the spot with the idea that we are expecting him to buy the stuff for the lowest possible market price.

Mr. CANNON of Missouri. Colonel Olmstead has been buying for the Army and Navy and for lend-lease and for other Government agencies, and it has never been charged, and I do not think the gentleman himself would charge, that he has ever paid more than is necessary.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute. Colonel Olmstead is ready at any time to make an accounting and will appear before the committee on call. If the gentleman has any inquiries at any time, I shall be glad to call him.

Mr. TABER. I am in hope, having had his attention called to these items and to the discrepancies that seem to exist between the present market and the drift of the market all the way through, that

it will result in very careful operation of these funds.

Mr. CANNON of Missouri. I am glad the gentleman said "discrepancies that seem to exist," because they certainly are not apparent.

Mr. TABER. Oh, there are quite decisive discrepancies between the market and the estimate.

Mr. CANNON of Missouri. The gentleman has not indicated them.

Mr. TABER. Oh, yes.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. CANNON of Missouri. Mr. Chairman, sound legislation must be based on accurate information. In all discussions of legislation inaccuracies will creep inevitably into debate, and that was true particularly of some of the debate yesterday. Through inadvertence, I am certain, statements were made on the floor which on careful investigation are not borne out by the facts. For that reason I would like to make a few corrections of statements on two or three subjects dealt with yesterday, merely to keep the record straight.

At the time the Committee rose my colleague from South Dakota had just completed a discussion of the wool situation and on the presumed commitment of U. N. R. R. A. to take over certain wool or woollen products which under his impression had been contracted for by other Government agencies and which were now presumably to be charged to U. N. R. R. A.

I have here a letter from the Foreign Economic Administration discussing in detail the wool situation, explaining that at the time of the Japanese threat to Australia, at the time when the Japanese line was steadily sweeping forward in an ever-widening circle of conquest, and it seemed possible, if not probable, that Australia would be taken—as a matter of fact, only the masterly and heroic work of General MacArthur's men saved it—in order to keep the supply of wool from falling into the hands of the enemy, as well as to supply our own forces, a directive was issued to obtain 1,000,000,000 pounds of wool for a stock pile in the United States. The letter, which I will not take the time of the Committee to quote, goes on then to explain how this stock pile was accumulated, the conditions under which it was accumulated, and the amount on hand at this time. I will insert the full letter in the Record at a later date.

The second point at issue was whether or not U. N. R. R. A. was obligated, either technically, legally, morally, or otherwise, to take over wool or other supplies which had been procured or contracted for by its predecessor organization before it came into being. The contention of my able and distinguished friend from South Dakota was that while technically U. N. R. R. A. had purchased nothing, had made no contracts to purchase, having no money with which to purchase, that conceding these facts, it was morally bound to take over—and eventually would take over—supplies which had been arranged for by the Foreign Economic Administration.

It appears from a detailed statement which I have here, and which I will insert in the Record, that not only was U. N. R. R. A. without funds for such purpose, without authority to make contracts or commitments, and did not make commitments, but that it will under no circumstances receive any goods which have been contracted for or procured by any other United States agency.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from South Dakota.

Mr. CASE. What then is to be done with the goods which have been or are being purchased by O. F. F. R. O. and by F. E. A.?

Mr. CANNON of Missouri. The Army has now on hand funds with which it is distributing such supplies. Eighty-one million dollars have been used for that purpose up to this time for the period which will end June 30, 1944.

I would like to say in that connection that the distribution and allotment of such supplies by the United States Army in Italy—and that is where the goods are being shipped—is not a gift, but the Army has already received in Italian exchange payment for more than half the amount which it is distributing, and which it will, in turn, use in employing Italian services.

I merely advert to that phase of it because it is particularly pertinent to note that wherever possible every item of food, clothing, medicine or other supplies distributed by the United States through any agency for any purpose, is to be paid for if the recipient is in a position to pay. The Army will continue this allocation and disbursement of supplies when U. N. R. R. A. comes into operation. The testimony here is that there is not sufficient of these accumulated supplies, and there is not now sufficient of this wool to which the gentleman refers, and about which this discussion revolves, on hand or under contract to supply the needs of the Army, much less U. N. R. R. A. So it is conclusive that under no circumstances is U. N. R. R. A. committed, or will be committed for such purposes or charges, and there is no possible chance that it will receive any of the stock-pile goods to which the gentleman refers.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from South Dakota.

Mr. CASE. I should like to have the record clear in this respect, that I was not objecting to any pre-U. N. R. R. A. planning; I merely thought it was unfortunate that it should be said that U. N. R. R. A. had no commitments, moral or otherwise, in view of the fact that the record through all the trade papers prior to the actual creation of U. N. R. R. A. showed that the United Nations Relief and Rehabilitation Administration was being referred to, and that the dress designers and the stylists and the textile manufacturers were being told that this was for the relief program. As far as I am concerned, I would think it a good thing to have some planning and figuring before U. N. R. R. A. actually came

into the field—I have no objection to that—but it does seem to me wrong to say that no commitments have been made in behalf of U. N. R. R. A., if that is not the case.

Mr. CANNON of Missouri. That is the case.

Mr. CASE. The Army program, of course, is different from that of U. N. R. R. A., and I am reasonably familiar with the Army's procurement program.

Mr. CANNON of Missouri. The Army is absorbing and will continue to absorb any such goods which have been procured or contracted for up to this time.

Mr. CASE. The Army has its own procurement program through the Quartermaster General. But as to the pre-U. N. R. R. A. bids to which I referred, as reported in the New York Herald Tribune of March 26, such as the bids opened on the 17th of March by the Treasury Department, which does not procure for the Army—the Army procures directly. The bids that were opened for the Treasury Department were for 40,000 wool dresses. The story as reported by Mary Lyon in the Herald Tribune of March 26 distinctly said that this was in connection with the plans of the United Nations Relief and Rehabilitation Administration. Then it went on to discuss this procurement program and say that it was the design, the plan, the set-up for the millions of garments in the larger orders that would follow. Therefore, clearly the trade understood that it was for the United Nations relief program. The story refers to the fact that one maker had been instrumental in planning and styling items for the U. N. R. R. A., and so forth, so that clearly the trade was given to understand that this designing and styling and these bids for the 40,000 dresses were for the U. N. R. R. A. program.

Mr. CANNON of Missouri. The trade speaks of relief supplies and relief distribution without attempting to make a technical distinction. I can very readily understand from the data which the gentleman has before him, how he might have misunderstood or might have questioned the situation. I am sure he will join with the entire committee in gratification that such forebodings are without foundation.

Mr. CASE. I am not convinced that I misunderstood and I am not convinced that the committee misunderstood. I think the committee passed on the testimony that was given to them that U. N. R. R. A. had itself made no commitments, that it had no funds.

Mr. CANNON of Missouri. That is right, and a careful investigation bears out that fact.

Mr. CASE. It obviously had no funds because none had been appropriated to it.

Mr. CANNON of Missouri. I think that was the understanding of all the members of the committee.

Mr. CASE. But the story runs clear through that some commitments had been made for a program that was to be picked up and taken over by U. N. R. R. A. That is one phase of the wool story, and it is significant only as it bears on another

phase. The other phase is that officials of U. N. R. R. A. have told people connected with the wool industry, and particularly the American Wool Council, that they do not contemplate using domestic wool for supplying these raw wool needs. Entirely apart from whether or not U. N. R. R. A. had made any commitments or any commitments had been made for U. N. R. R. A., the question is whether or not the Congress should now take action to see to it that the huge stockpiles of wool which the Government has purchased and owns should be applied to this program.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. RABAUT. May I ask the gentleman from South Dakota whether he believes that because some trade magazine has one set of information and the committee has another set of information, the committee is all wrong and the trade magazines are right?

Mr. CASE. No. I may say to the gentleman that I am not suggesting that. The Treasury Department, as a matter of record, opened bids on the 17th of March for 40,000 wool dresses.

Mr. RABAUT. For whom? For U. N. R. R. A.?

Mr. CASE. I have seen copies of some of the requests for the bids that were put out.

Mr. RABAUT. But was it for U. N. R. R. A.?

Mr. CASE. I am not relying on a report in any trade magazine for that. I am suggesting to the gentleman that if he will read the article in the New York Herald Tribune of Sunday, March 26, he will find that these bids were opened by the Treasury Department for the U. N. R. R. A. program.

Mr. RABAUT. For the U. N. R. R. A. program?

Mr. CASE. Yes.

Mr. RABAUT. Because the paper said so?

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Texas.

Mr. LUTHER A. JOHNSON. The gentleman is speaking of the article appearing in the New York Herald Tribune to the effect that U. N. R. R. A. had bought some dresses?

Mr. CASE. I did not say that U. N. R. R. A. bought the dresses. I said that the Procurement Division of the Treasury Department opened some bids for them.

Mr. LUTHER A. JOHNSON. I call the attention of the gentleman to the fact that Mr. Leo T. Crowley in a letter over his signature dated May 29, 1944, addressed to the Honorable SOL BLOOM, chairman of the Committee on Foreign Affairs, specifically denied that story. I quote from that letter:

At the specific request of the War Department, some dresses are being purchased under the supervision of the Foreign Economic Administration for distribution by the United Nations army to meet civil needs during military operations for the liberation of Europe.

That is what the official record shows and that is what is being done. I think the gentleman from Michigan [Mr. RABAUT] is right. The gentleman from South Dakota [Mr. CASE] certainly ought not to place some newspaper article or rumor against the statements of these officials of the Government.

Mr. CASE. Has the committee consulted the Treasury Department and asked them for whom they made this procurement or called for these bids that were opened on the 17th of March?

Mr. RABAUT. All we know is that they are not for U. N. R. R. A. That is all we know. That is what we are interested in at this time.

Mr. CASE. As I say, it does not seem to me that that meets the issue at all.

Mr. RABAUT. What is the issue the gentleman brings up, if we are not taking up the question of U. N. R. R. A. at this time? What is the issue? Let the gentleman state the issue.

Mr. CASE. I am saying that it is a good thing if somebody does a little advance planning, if they can, before U. N. R. R. A. comes into the picture. But I do not see any reason why anybody should try to hoodwink the Congress by saying that some advance planning was not done. But that is entirely apart from the issue of whether this pattern of planning is to be followed and the use of shoddy continued and foreign wools purchased when the Government already owns huge stocks of wool, both domestic and foreign.

Mr. RABAUT. Who is doing the hoodwinking? Let us get specific on the whole thing.

Mr. CASE. The hoodwinking comes in when Members of Congress are misled into making statements that procurement plans are not being made for the U. N. R. R. A. program.

Mr. RABAUT. By whom was the Congress misled? The gentleman just said the Congress was misled.

Mr. CASE. I cited yesterday the statement of the gentleman from Texas [Mr. LUTHER A. JOHNSON], the statement of the gentleman from New York [Mr. BLOOM], those statements being made on the 23d of March, and the statement by the gentleman from Missouri [Mr. CANNON], that was made yesterday, that no commitments had been made in behalf of U. N. R. R. A., or that no program was being set up.

Mr. RABAUT. We are still saying that.

Mr. CASE. Well, then, I hope the gentleman will read the statements of Mr. Crowley and Mr. Udell which I read into the record yesterday and will note that in the preliminary procurement program no consideration was being given to the use of the wool stocks already owned by the Government of the United States.

Mr. LUTHER A. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman.

Mr. LUTHER A. JOHNSON. Mr. Chairman, since my name was mentioned by the gentleman from South Da-

kota, I want to call attention to the fact that in the remarks made by the gentleman from South Dakota yesterday, he quoted a paragraph from the remarks I made in the House when the U. N. R. R. A. authorization bill was being considered, to the effect that no commitments whatever had been made by U. N. R. R. A. My exact statement which the gentleman quoted was as follows:

With reference to the inquiry with regard to clothing, I will say that no commitments whatever have been made by U. N. R. R. A. Until an appropriation is made by the Congress and the funds are authorized to be spent, there will be no obligation, no commitments of any kind for any material whatever. We are assured of that.

Now, Mr. Chairman, since the gentleman yesterday quoted that statement with the inference that I had been deceived and misled and that it was incorrect, I have made a further investigation and checked on that matter and I am satisfied that the statement which I made at the time we considered this bill was true in all respects and that the gentleman is mistaken in his fears and that his fears are unfounded and he is looking for bogeys which he cannot find. The statement which I made was true and I adhere to it.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. CANNON] has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield myself 10 additional minutes.

Does the gentleman from South Dakota desire to make a statement?

Mr. CASE. I would, Mr. Chairman, just briefly, in order to comment on the statement by the gentleman from Texas. I have in my hands a letter by F. Eugene Ackerman, who is the director of the American Wool Council, Inc., at 1450 Broadway, New York.

Mr. CANNON of Missouri. Is he an officer of the United States Army or in any way officially connected with the United States Government?

Mr. CASE. He is a prominent man in the wool industry and director of the American Wool Council.

Mr. CANNON of Missouri. He has no Army or Government affiliations?

Mr. CASE. No; but he had been in contact with Dewey Anderson, of the State Department, Mr. Konhaim, and Mr. Udell, F. E. A. officials, and his letter is based on their statements to him.

Mr. CANNON of Missouri. I really think the gentleman, if he is going to quote any statements here, should quote official statements by those in positions to speak authoritatively.

Mr. CASE. The letter refers to statements by the officials of the Government in responsible positions. His letter says:

I read with considerable amazement this morning that Representative LUTHER A. JOHNSON of Texas denied U. N. R. R. A. bought textiles for relief. This is Saturday morning. My office is closed, so I do not have access to my files. On my desk, however, are bids asked for by the Procurement Division of the Treasury for fabrics to be used for relief.

It is a rather long letter and I cannot read it all right now. It concludes by saying:

For the life of me, I cannot understand the basis of Mr. JOHNSON's statement. Either

U. N. R. R. A. is hiding behind some technicality or else he has been entirely misinformed.

If permission can be secured when we return to the House, I will place the letter in the RECORD at this point.

AMERICAN WOOL COUNCIL, INC.,
1450 BROADWAY,

New York, N. Y., March 25, 1944.

HON. FRANCIS CASE,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN: I read with considerable amazement this morning that Representative JOHNSON of Texas denied that U. N. R. R. A. was buying textiles for relief. This is Saturday morning and my office is closed so I do not have access to my files. I do have on my desk, however, bids asked by the Procurement Division of the Treasury for fabrics to be used for relief. By some hocus pocus the U. N. R. R. A. may prove that the Army is distributing these goods, but when the Army orders goods it orders them through the Quartermaster Department.

Senator O'MAHONEY is conversant with U. N. R. R. A. operations and has had conferences with Dewey Anderson, State Department official in charge of U. N. R. R. A. In fact, he arranged two engagements for me with U. N. R. R. A., one with Mr. Udell, then chief of textile and clothing procurement, now resigned, and one in which Mr. Konhaim, his successor, was present with Mr. Anderson.

Mr. Konhaim told me that in U. N. R. R. A. purchases U. N. R. R. A. would not use domestic wool but would use foreign wool. He added that he and U. N. R. R. A. were engaged in a relief task, and not in tinkering with the domestic economy. He added that the suggestion that U. N. R. R. A. use wool of domestic origin was a panacea.

With Byron Wilson I called on the textile buyer for the Procurement Division of the Treasury buying relief fabrics. I do not have his name this moment, but will get it. He said the bids asked were for O. F. F. R. O., predecessor of U. N. R. R. A., and expressed disgust at the character of the materials. In his testimony before the subcommittee of the House Agriculture Committee investigating wool less than 10 days ago Kenneth Marriner, Chief of Wool Section, Quartermaster's Office, said that U. N. R. R. A. wanted to use 25 percent of the wool textile capacity of the country for relief but that the War Production Board was considering the proposal to determine its effect on meeting domestic requirements.

I have before me dozens of clippings from the press discussing the effect of U. N. R. R. A. purchases on the domestic economy including excerpts from speeches by Mr. Udell before trade gatherings, and the official announcement of O. F. F. R. A.'s task sent me by Mr. Udell. The clippings I will mount on Monday and send you. The bids and the statement I enclose with this letter.

I suggest that Dewey Anderson, Mr. Marriner, Mr. Konhaim, and if in order, Senator O'MAHONEY be asked to testify before the subcommittee of the House committee on U. N. R. R. A. operations, which were characterized not so long ago in the Journal of Commerce of New York as making this Nation the largest producer of goods in the world. In the process of accomplishing this, by the way, U. N. R. R. A. has held style shows to glorify the kind of American styles that are being sent abroad, and has sent pictures to the press showing the models. There was, in fact, a style show scheduled for the day I conferred with Mr. Udell, to which I was refused admittance.

For the life of me I cannot understand the basis of Mr. JOHNSON's statement. Either U. N. R. R. A. is hiding behind some technicality, or else he has been entirely misinformed.

As a further item Mr. Youngman of the United States Tariff Commission furnished

U. N. R. R. A. or the War Production Board for U. N. R. R. A. with a study of Italy's textile producing capacity. Mr. Perkins, of the Fairchild Publications, is, I believe, familiar with some of U. N. R. R. A.'s activities in Algiers, where, he told me, high-heeled pumps were sent for native wear.

Please forgive the typing of this letter. It is a remnant of my one finger technique as a Washington correspondent in bygone days. I may add that I have not lost my technique for getting facts.

U. N. R. R. A.'s procurement chief, Mr. Konhaim told me he would not use domestic wool in buying relief fabrics, but would use foreign wool saving in original costs and tariff. He said the proposal to use domestic wool was a panacea and that U. N. R. R. A. was engaged in a relief task and was not concerned with the domestic economy. He said that the suggestion that domestic wool be used in relief fabrics was one of those panaceas in which he does not believe.

The Treasury Procurement, the War Production Board, everybody I have talked to, have indicated or said the fabrics being asked for—and here are bids for ten or twelve million yards—are for relief through U. N. R. R. A. If they are to be distributed by another agency the fact remains that the wool specified—fifty-eights or lower is foreign wool and is being imported.

Further U. N. R. R. A. is buying ready-made garments in the open market or have made public inquiry for them. I urge that since the issue of veracity has been raised the whole question be aired by the House subcommittee. It will be found that the Army and U. N. R. R. A. are at swords point over the question unless my information is entirely incorrect. I am sure it is not.

Sincerely yours,

F. EUGENE ACKERMAN.

Mr. RABAUT. Mr. Chairman, the very letter from which the gentleman from South Dakota [Mr. CASE] is reading does not say the purchases are for U. N. R. R. A., but down further in the letter, in a very nice way, they introduce the term "U. N. R. R. A." But he never says the purchases are for U. N. R. R. A. in the very letter that the gentleman quotes.

Mr. CASE. The letter I have before me does not say that, but I have dozens of clippings before me from the press, discussing the U. N. R. R. A. purchases.

Mr. RABAUT. Will the gentleman read any part of that letter which says the purchases are for U. N. R. R. A.? The gentleman has a chance right now. Read any part of the letter which says the purchases were for U. N. R. R. A.

Mr. CASE. The letter says, "Treasury Procurement, the War Production Board, everybody I have talked to have indicated or said the fabrics being asked for—and here are bids for ten or twelve million yards—are for relief through U. N. R. R. A."

Mr. TABER. Mr. Chairman, will the gentleman yield to me?

Mr. CANNON of Missouri. I yield to the gentleman from New York.

Mr. TABER. I would like to read a part of a letter signed by Roy F. Hendrickson, Deputy Director General of the United Nations Relief and Rehabilitation Administration. I will just read this part of the letter:

These fabrics are intended primarily for distribution by the military authorities during the period of military responsibility for civilian relief in liberated areas, which will last until military considerations make it possible for relief operations to be turned

over to civilian agencies. Only that portion of these fabrics (if any) that is not listed by the Army during the period of military responsibility, might eventually become available to U. N. R. R. A.

Mr. CANNON of Missouri. Mr. Chairman, I call attention to the fact that here is an official statement that there will not be a sufficient supply of such goods to supply even the needs of the Army, much less leave any reserves which later on might be passed on to U. N. R. R. A.

Mr. RABAUT. Mr. Chairman will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. RABAUT. I want to know what particular fabrics the letter refers to which the gentleman from New York has just read.

Mr. TABER. I just referred to that particular part. I will read you the whole paragraph if you like.

Mr. RABAUT. Yes; so we can see if there is any reference to the particular fabric. Is there any part of the letter which refers to what the specific thing is?

Mr. TABER. Oh, yes.

Mr. RABAUT. What is it?

Mr. TABER. I will read the whole letter. Let us have the whole letter.

Mr. RABAUT. Just read that part of it which identifies what the fabric is.

Mr. TABER. The beginning of the paragraph is as follows:

Finally, I should like to correct an impression which seems to be generally current and which is reflected in your letter to Mr. Jesse Jones. You state that "During January and February U. N. R. R. A. asked for bids approximating 8,000,000 yards of part-wool fabrics. These bids were not sought by U. N. R. R. A. No supplies can be procured for U. N. R. R. A. with United States funds until the United States Congress has made an appropriation to U. N. R. R. A., and no such appropriation has yet been made.

Mr. RABAUT. That is right, just what you read there.

Mr. TABER. The paragraph reads further:

The bids to which you refer were requested by the Procurement Division of the United States Treasury Department, acting on behalf of the Foreign Economic Administration.

Mr. RABAUT. That is it. That is right.

Mr. TABER. Then follows the part I read at first.

Mr. RABAUT. That is right.

Mr. TABER. I only read the last part of that paragraph, because it covered the whole thing.

Mr. RABAUT. Those are purchases for the Army.

Mr. CASE. Mr. Chairman, if the gentleman will yield, I would like to answer that.

Mr. CANNON of Missouri. I yield to the gentleman.

Mr. CASE. The Foreign Economic Administration is not the procurement agency for the Army. The Foreign Economic Administration, according to the testimony of Mr. Crowley which I read into the RECORD yesterday, is to be the American Supply Agency for U. N. R.

R. A. Now then, if the Chairman and also the gentleman from Michigan, will recall when members of the Army Appropriations Subcommittee met with the deficiency committee, during the testimony of Mr. Crowley and some of the others, I specifically asked the question as to what would happen to the supplies that the Army might have for its relief program during the period of its occupancy, and would they turn it over to U. N. R. R. A.? The answer was given by Mr. Cox or Mr. Crowley if my memory is correct, that the Army funds would be reimbursed by U. N. R. R. A. at that time. Now, then, all of that has a bearing on the basic issue only to the extent that in the program that has been followed by the Foreign Economic Administration in making its procurement up to this time, they have not been using the wool which the Government already owns. And that procurement, it is clear, was intended to be the pattern for U. N. R. R. A. They have been purchasing additional foreign wool or using very cheap shoddy wool when it might use wool which the Government already owns.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Michigan.

Mr. RABAUT. Mr. Chairman, the gentleman from South Dakota has been contending that the Army quartermaster buys all the textiles that the Army needs. That is not correct. Under arrangements between the Foreign Economic Administration and the Army during the past month, the Foreign Economic Administration is procuring textiles required by the Army for relief purposes. That is the answer.

Mr. CANNON of Missouri. To sum up the whole matter, we have here conclusive proof, by official statements, the accuracy and authenticity of which cannot be questioned, first, that U. N. R. R. A. is not committed, has made no contracts, and has made no purchases, and is not required—morally, legally, or otherwise—to take any of these goods that have been referred to. Second, it is shown that even if it were, there is not a sufficient supply to pass over to U. N. R. R. A. a pound of wool or a yard of cloth. I must confess I am at an utter loss to understand the reason for this insistence upon a matter of such little moment, when we are discussing matters of vital concern to America and the world. Why this attempt to support some minor contention which, even if established, does not affect the situation in the slightest, does not save a single life, or win a single battle, or shorten the war by 1 minute?

Let us have some perspective of the relative importance of the matters involved in this controversy and about which there should be no controversy.

I will put these in the RECORD and everyone will have an opportunity to see them.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I want to refer back to the surplus supply of wool.

Mr. CANNON of Missouri. I am glad the gentleman refers to that question.

Mr. MILLER of Nebraska. If I am not correct in the statement will the gentleman correct me? It is my understanding that there is a big surplus of wool. Our normal production is 675,000,000 pounds a year and we use about 750,000,000 pounds, in round figures. Has the Surplus Commodity Credit Corporation been selling the wool twenty-five or thirty million pounds at stated intervals, and that wool sold at as much as from 7 to 9 cents below the cost of our domestic wool. Is that correct?

Mr. CANNON of Missouri. Yes; we spent hours yesterday afternoon discussing that one thing, a matter which has no connection whatever with this bill. Some Member took a vast amount of time yesterday discussing some report of a committee of which he was a member without at any time touching the question before the House.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. I yield myself 10 additional minutes.

Now, everything the gentleman said may be true. I am not passing on that because it has no reference whatever, no germaneness whatever, to the subject before us today.

Mr. MILLER of Nebraska. But it has a relationship?

Mr. CANNON of Missouri. I cannot yield to gentlemen on related matters. We would never get to the bill itself—whether or not we have too much wool—and I concede we have too much wool.

The question presented by this bill is whether U. N. R. R. A. is required to pay for, or will pay for, wool contracted for by other Government agencies. The carefully considered answer is "No." And I append the official statement on that point as follows:

F. E. A. PROCUREMENT OF SUPPLIES FOR RELIEF

When the Office of Lend-Lease Administration came before our committee in May of 1943 on the lend-lease appropriation bill for the fiscal year 1944, it was explained that their budget included funds for the procurement of medical supplies, food, clothing, and other necessities of life to be available to meet the emergency needs of the civilian populations in liberated areas as the war progressed. Mr. Stettinius explained that programs for the procurement of such supplies had been worked out by the Office of Foreign Relief and Rehabilitation Operations and that lend-lease funds should be made available to purchase them. Mr. Stettinius testified as follows on page 19 of the hearings for our committee:

"In all activities with regard to liberated areas we are working in close cooperation with the Office of Foreign Relief and Rehabilitation Operations. In our budget we are providing in category 7 funds for the procurement of a minimum of certain types of medical supplies, food, clothing, and other necessities of life to be available to meet the emergency needs of the civilian populations in liberated areas as determined by military and political necessity. This program has been developed by the staff of the Office of Foreign Relief and Rehabilitation Operations and has been reviewed by lend-lease. The War Department has agreed that it is

necessary to make provision for liberated areas. The articles and commodities acquired under this program will not be locked up in a warehouse unavailable for any other purpose. These items will rather represent a claim against a fungible and fluid stream of lend-lease procurement subject to diversion to meet more pressing demands of a military or domestic nature should they develop. Goods acquired under this program will be supplied to liberated areas as the military and political needs develop.

"In addition to the specific program included in category 7 for liberated areas, the requirements of these areas constitute an important contingency which may require the expenditure of funds from category 9 to start the operations in liberated areas which will be necessary to back up and support our military forces. If the Allied armies should invade, it might become a matter of the gravest military and political necessity that the needs of the civilian population be met, that arsenals destroyed by a retreating enemy army be restored to production for the United Nations, that public utilities be rebuilt to supply necessary services to our troops, that transportation systems to move military and essential supplies be put back into operation, that agricultural resources be restored to production, and that in general the liberated areas be enabled to make their own contribution in services, supplies, and troops to the ultimate victory over the Axis. This demand is difficult to predict either in time or scope, since it must depend upon the uncertain events of war. But it is an eventuality for which we should be ready, and it may constitute a very large claim on lend-lease funds."

In its report on last year's lend-lease appropriation bill, our committee recognized the needs which Mr. Stettinius had described, and authorized the use of lend-lease funds for such purposes. Our report states, at page 11:

"In addition, funds must be available so that as military operations expand and new victories are won, the necessary demands for food, clothing, and essential equipment can be met. Supplies will undoubtedly be required for the civilian populations behind the lines. In north Africa, for example, General Eisenhower requested that lend-lease civilian goods be made available to prevent famine, plague, and disaffection which might endanger our lines of communication and supply.

"The committee has inquired extensively into the operations of the Lend-Lease Administration in north Africa and into the plans for lend-lease operations in areas still to be liberated. The committee believes that the experience in north Africa has demonstrated the need for sending essential lend-lease supplies to civilian populations in liberated areas. The War Department has agreed that it is necessary to make provision for liberated areas, and the committee is advised that the program of the Office of Lend-Lease Administration has been so coordinated that no supplies will be shipped into any area during military occupation without the prior approval of the War Department."

In accordance with this authorization, lend-lease funds were used to buy supplies of this character as programed by the Office of Foreign Relief and Rehabilitation Operations.

On November 10, 1943, the President, in a letter to the Secretary of War, placed upon the Army the responsibility for planning and distributing relief goods to the populations of liberated areas during the military phase of operations. By this time the Office of Lend-Lease Administration and the Office of Foreign Relief and Rehabilitation Operations had been merged into the Foreign Economic Administration. The Foreign Economic Administration then informed the Army of the programs for relief supplies which it had in

progress and joined with the Army in completing the procurement of the goods which the Army required to meet its responsibilities. The advance procurement which the F. E. A. had initiated has proved to be of great assistance since the goods could be made available to the Army to fulfill the programs which the Army adopted and thus provided the Army with the goods that it wanted at an earlier date than would have been possible had procurement been delayed.

With respect to textiles, all of the procurement which the F. E. A. has undertaken for relief purposes was less than the amount required under the Army program. This means that on the basis of present Army plans none of the textiles which F. E. A. has now purchased or has now on order will be available for U. N. R. R. A.

In the case of woolen and part-woolen textiles the Army will require over 27,000,000 linear yards, of which only 10,000,000 yards are on hand and in procurement. The balance of the requirements—nearly 17,000,000 yards—is to be made by Army salvage, second-hand clothes, and newly produced goods.

In the case of cotton textiles the Army will need over 49,000,000 linear yards, of which 42,000,000 yards are on hand or in procurement, leaving a balance of about 7,000,000 linear yards to be made out of Army salvage or new production.

In the case of raw wool none has yet been procured for relief purposes and no raw wool will be procured for U. N. R. R. A. until funds are made available by the Congress. As Mr. Crowley has informed me in a letter dated May 31, 1944, any purchases of wool made for U. N. R. R. A. with the United States contribution will be from United States stock piles.

Procurement status of United States share of textiles for Army period

	Wool and part wool	Cotton
	Linear yards	Linear yards
United States share.....	27,023,000	49,184,000
On hand and in procurement..	10,193,000	42,482,000
Balance.....	16,830,000	6,702,000
To be met by—		
Army salvage (estimated)....	3,830,000	1,250,000
Secondhand.....	2,000,000	
Newly produced.....	11,000,000	5,452,000

Mr. TABER. Mr. Chairman, a point of order. The gentleman from Missouri has consumed more than 1 hour and under the rule he cannot speak longer without unanimous consent.

Mr. CANNON of Missouri. Mr. Chairman, inasmuch as I have yielded most of that time to my friends on that side of the aisle, including a part of it to the gentleman from New York, I ask unanimous consent to proceed for 10 additional minutes.

The CHAIRMAN. Is there objection?

Mr. TABER. Reserving the right to object, these people have come on here and they have told their stories, supported by evidence. I do not feel it is fair that we have this kind of debate at this time, and I shall have to object.

The CHAIRMAN. Objection is heard.

Mr. CANNON of Missouri. Mr. Chairman, how does the time stand now?

The CHAIRMAN. The gentleman from Missouri [Mr. CANNON] has consumed 2 hours and 18 minutes. The gentleman from New York [Mr. TABER] has consumed 2 hours and 47 minutes.

Mr. CANNON of Missouri. How much time remains for general debate?

The CHAIRMAN. Fifty-three minutes for general debate.

Mr. CANNON of Missouri. If the gentleman will permit, it was agreed when we met this morning the gentleman from New York had 22 minutes remaining. He has consumed 5 minutes of that time, so he now has 17 minutes remaining. I have the remaining time between now and 2 o'clock. Does the gentleman care to consume time now?

Mr. TABER. Yes. I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I wish to direct some of my remarks to the text appearing on pages 201, 202, 203, and 204 of the committee hearings, wherein the Secretary of Agriculture through Colonel Olmstead attempted to justify \$500,000,000, as I understand, of lend-lease funds, which the colonel and the Secretary claim to be necessary as a reserve fund with which to take care of liabilities which might be assumed and incurred incident to the 90 percent loans on farm products to be made by the Commodity Credit Corporation. What amazes me is the comingling of lend-lease funds with the undertakings of the Commodity Credit Corporation in connection with its loans to American farmers on the 90 percent of parity price basis covering crops that may be produced for the period from the cessation of hostilities to 2 years thereafter. To illustrate how baffling this proposal is to one of the outstanding Members of this House, Mr. LUDLOW, who is a member of the committee, on page 206 the gentleman from Indiana [Mr. LUDLOW] raises this question:

I was just wondering how this gets under the lend-lease umbrella. It is a matter of domestic policy, is it not?

But another important point is that that question was never answered. That is the answer which I seek now, if there is any member of the committee who can give us the answer. I wonder if the gentleman from Michigan [Mr. RABAUT] would care to give us the answer to that question, how \$500,000,000 incident to the 90 percent of parity loans, whether on corn, wheat, rice, tobacco, or cotton, or what not—what business has that got under lend-lease?

Mr. RABAUT. The gentleman asks me a question. I will remind the gentleman that I come from a rural district that is solid concrete. There are a number of members of this committee who would be able to talk to the gentleman about strictly rural districts.

Mr. CRAWFORD. I did not mean to pin this on the gentleman from Michigan [Mr. RABAUT]. I would be quite glad to have any member of the committee answer that question.

Mr. RABAUT. I suggest the chairman of the committee, the gentleman from Missouri [Mr. CANNON], might answer the gentleman.

Mr. CRAWFORD. I should like to ask the chairman of the committee, the gentleman from Missouri [Mr. CANNON], if he can give us the answer to the question submitted by Mr. LUDLOW of Indiana, which appears at the bottom of page 206 of the committee hearings, as to how crop loans made by the Commodity Credit Corporation incident to the 90 percent of parity loans gets mixed up with lend-lease to the extent of \$500,000,000?

Mr. CANNON of Missouri. I regret I was not at the table at the time the gentleman propounded his inquiry. If he will restate it, I will be glad to answer him.

Mr. CRAWFORD. On page 201, Colonel Olmstead, apparently speaking for the Secretary of Agriculture, Mr. Wickard, points out that \$500,000,000 is considered by the Department of Agriculture as lend-lease share of protecting agriculture against overproduction as a result of this program; protecting them against price decreases, and also relates the amount of dollars to the 90 percent of parity of price loans to be made by the Commodity Credit Corporation.

Mr. CANNON of Missouri. May I inquire of the gentleman whether he favors the maintenance of farm prices?

Mr. CRAWFORD. I do not favor the use of lend-lease funds for the purpose of carrying losses which the Commodity Credit Corporation might incur incident to its making 90 percent of parity loans on corn, wheat, cotton, rice, or any other agricultural commodity.

Mr. CANNON of Missouri. Evidently the gentleman has not taken into consideration the fact that this \$500,000,000 is exclusively for food produced for lend-lease.

If incidentally in the course of carrying out the lend-lease program we can at the same time support the price of farm products, I should not think the gentleman would object to that.

Mr. CRAWFORD. Going over to page 207 Mr. Olmstead said that under the Steagall Act which is very explicit, he tried to maintain at 90 percent of parity any commodity on which the Secretary of Agriculture, later the War Food Administration, prepared a program or requested an increased production.

The point I am raising that was raised by the gentleman from Indiana [Mr. LUDLOW] is how does the Secretary of Agriculture get lend-lease funds mixed up with Commodity Credit Corporation activities incident to crop loans? U. N. R. R. A., and lend-lease may both be out of the picture 3 to 6 months after hostilities cease.

Mr. CANNON of Missouri. If the gentleman will permit—

Mr. CRAWFORD. If the gentleman will let me proceed for just a minute, let me formulate my question—U. N. R. R. A. and lend-lease may be entirely out of the picture 90 days after the cessation of hostilities at which time—

Mr. CANNON of Missouri. Is the gentleman asking me a question?

Mr. CRAWFORD. The gentleman does not have the floor. I am trying to

state the matter so I can ask my question.

Mr. CANNON of Missouri. I shall be glad to answer if the gentleman will permit.

Mr. CRAWFORD. As I say, lend-lease and U. N. R. R. A. may be entirely out of the picture. My question goes directly to the point, Why does the Secretary of Agriculture come in here and make an arbitrary division and claim he needs \$500,000,000 with which to protect losses which may be incurred by the Commodity Credit Corporation incident to the 90-percent of parity loans? That is the only thing I am questioning in this whole procedure. How does that get under the lend-lease umbrella?

Mr. CANNON of Missouri. The gentleman is a little late in raising any objection which he might be making to this provision—although he does not appear to be very definite on it even at this late date. This is the third year the provision has been carried in the bill. The gentleman has evidently slept on his rights, if he has any. If any right is here infringed upon why has he not objected before this? He has had 3 years in which to object and this is the first time he has considered it of enough importance to mention it.

Mr. CRAWFORD. Mr. Chairman, I do not yield further unless the gentleman wants to answer my question. I decline to yield, Mr. Chairman. I will go ahead and make my own statement.

Mr. CANNON of Missouri. But the gentleman has asked me a question. Why not permit me to answer it?

Mr. CRAWFORD. I decline to yield, Mr. Chairman.

The gentleman from Indiana [Mr. LUDLOW] has been a member of this committee for many years. I venture that statement. This whole question was sufficiently baffling to him that as a member of the committee handling these specific appropriation items and sitting before the board listening to the justifications, it was not clear to the gentleman from Indiana [Mr. LUDLOW] as to how this got under the umbrella of lend-lease. So I deny that I have slept on my rights.

If this explanation has previously been made to the Committee on Appropriations and they have never before questioned the intermingling of lend-lease funds with the 90 percent of parity loans then my position is that the Committee on Appropriations has somewhat slipped in pointing out to the House just what is going on under lend-lease.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Virginia.

Mr. WOODRUM of Virginia. The answer to the gentleman's question is very simple.

Mr. CRAWFORD. I think it should be.

Mr. WOODRUM of Virginia. The amount of money carried there is the lend-lease portion of the support price of the agricultural product it buys; that is the answer.

Mr. CRAWFORD. Why did the Secretary of Agriculture go a step further and bring in here his concept of the losses that may be incurred on the 90-percent parity loans which are charged to the Commodity Credit Corporation? That is the technical aspect of it.

Mr. WOODRUM of Virginia. That is not the answer that was called for by the question of the gentleman from Indiana. If lend-lease buys agricultural commodities, products, and pays for them a price less than 90 percent of parity then they must pay the difference from the support price. That support price policy is something the whole Congress has approved; it is in the organic law, and the amount of money carried here which the gentleman from Indiana is inquiring about is the lend-lease portion of the support price on the agricultural products it purchases.

Mr. CRAWFORD. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. TABER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

VEGETABLE PROTEINS VERSUS ANIMAL PROTEINS

Mr. MURRAY of Wisconsin. Mr. Chairman, we see the vegetable proteins against the animal proteins projected into the food picture at this time. Eggs providing one of the best sources of animal proteins are now being diverted to animal feed. In fact, it is being made into tankage. In supporting the egg price at 27 cents per dozen, which is 90 percent of the parity price of 30 cents per dozen on May 15, 1944, the governmental agency acquired large receipts of eggs. There was no available storage. The egg producers have always kept away from subsidy programs of any kind all during the years and the egg producers have increased their production at the request of the Government. They are, therefore, entitled to the 90-percent parity guaranty under the law.

In extending the life of the Commodity Credit Corporation, Public Law 147, Seventy-seventh Congress—H. R. 4972—provided the following:

Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity.

This provision of law was evidently the pattern used in the rearrangement of the pork-price program. While the C. C. C. could and should have been held accountable for not providing the 90 percent of parity guaranteed for all hogs regardless of weight which parity means and the law states, the War Food Administration did support the announced support price of \$13.75. This price has since been reduced to \$12.50 per hundredweight as of September 1944. The question is this: Why has not the W. F. A. presented the egg problem in

the light of the provisions of the law which gives the War Food Administration the authority to give the egg producer sufficient time to put his house in order? This should not only be done for the benefit of the egg producer but should be done in order to provide the public with a continued supply of this most excellent source of animal protein.

The diversion of eggs, a most excellent animal protein to tankage is a most questionable procedure when at this time they are paying a subsidy on vegetable protein according to a letter I have from the War Food Administration dated May 23, 1944, which states in part:

In order to stimulate the use of peanuts in the manufacture of peanut butter, peanuts are sold at lower prices for such use than for other edible purposes. It is estimated that this peanut-butter program will cost approximately \$14,000,000.

Here then we see a food program carried on which subsidizes vegetable protein in the form of peanut butter which costs millions of dollars, while we see the animal protein converted into tankage. This does not make sense from a nutritional standpoint and most assuredly does not make sense from an economic standpoint. Vegetable protein is also being subsidized in the form of soybean flour under the soybean subsidy program.

However, I still remember the old Wisconsin experiment where two little pigs each received plenty of calories but the little pig fed vegetable protein weighed but 55 pounds at the end of the experiment and the little pig that had animal protein in addition to the vegetable protein in his ration weighed 165 pounds at the end of the experiment. The complete information can still be found in the Wisconsin Bulletin No. 142. We must guard against food propaganda not based on nutritional and scientific facts. We must guard against food propaganda that is not backed up by sound unquestionable experiments.

I think the time has come when we should have complete information before we go off on these tangents and waste money that it is absolutely unnecessary to waste.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask to be recognized for 5 minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri for 5 minutes.

Mr. TABER. Mr. Chairman, did I understand the gentleman was recognized?

The CHAIRMAN. The gentleman asked for recognition and the Chair recognized the gentleman for 5 minutes.

Mr. TABER. Mr. Chairman, I make the point of order that the gentleman has already consumed more than 1 hour.

Mr. CANNON of Missouri. I have been again recognized and am entitled to the remainder of the time on this side.

The CHAIRMAN. The gentleman from New York [Mr. TABER] makes the point of order that the chairman of the Committee on Appropriations has already consumed 1 hour.

The Chair calls attention to rule 14, clause 2, of the Rules of the House, which reads as follows:

And no Member shall occupy more than 1 hour in debate on any question in the House or in Committee, except as further provided in this rule.

The Chair calls attention to clause 3 of the same rule, reading as follows:

The Member reporting the measure under consideration from a committee may open and close, where general debate has been had thereon; and if it shall extend beyond 1 day, he shall be entitled to 1 hour to close, notwithstanding he may have used an hour in opening.

The general debate on this bill was in progress yesterday and the gentleman from Missouri consumed 1 hour during the debate at that time. The gentleman from Missouri has consumed today 30 minutes.

The Chair overrules the point of order and recognizes the gentleman from Missouri [Mr. CANNON] for 5 minutes, holding that he may be recognized for an additional 30 minutes to close debate.

Mr. CANNON of Missouri. Mr. Chairman, another point was raised yesterday on which there seemed to be considerable misapprehension on the part of those who raised the question, was the impact on domestic economy of the lend-lease shipment of farm machinery.

I will enter at this point in the Record a detailed statement on the subject, and will only take the time of the committee to read the final paragraph which sustains the statement made yesterday on the subject:

The total value of United States production of farm machinery since the passage of the Lend-Lease Act has been greater than before. Our production in the 3 years from April 1, 1941, to March 1, 1944, is approximately \$1,648,000,000. In the 3 years, 1938, 1939, and 1940, our production was \$1,258,000,000.

It should be remembered that the machinery shipped abroad will not only provide food which it would otherwise be necessary to ship in American bottoms now perilously scarce, but much of the food produced by this machinery is used to feed our own soldiers.

In Australia the Australians are providing everything our soldiers consume. All of the food of the American Army in Australia is provided by the Australians and this machinery will enable the Australians to produce food for our Army.

In the British Isles, 50 percent of the food consumed by our troops is produced in England. This machinery will not only supply the food which otherwise we would have to produce and ship to England, taking up valuable transportation space, but it will contribute to the production of half of all the food our soldiers eat. Why anyone should object to this comparatively small amount of machinery, less than 2 percent of all our production, at a time when the American farmer is receiving more machinery than he ever received before, is difficult to understand.

Mr. COLE of Missouri. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Missouri.

Mr. COLE of Missouri. Will the gentleman tell us in dollars and cents the cost of the machinery and farm equipment that has been sent abroad under lend-lease? The gentleman has just given us a percentage.

Mr. CANNON of Missouri. The point, though, is not what it cost. The point is whether or not enough of it is being shipped abroad to deprive our own farmers of machinery, and the evidence is that, although we are producing more than we ever produced before, a smaller percentage of farm machinery is going abroad than went in pre-war days.

Mr. COLE of Missouri. May I say to the gentleman, if he will permit, that in my district the farmers are unable to get farm machinery that they need. Many have made application for it and have been refused, then they have sent complaints to me, which I have taken up with the War Production Board, but I have always been referred back to the agricultural committees in the various counties and have not been able to get results for them.

Mr. CANNON of Missouri. I have no doubt that is true, but the farmers in the gentleman's district and the farmers in my district are getting more than they ever got before and at a time when a war is on. The gentleman should realize that the Nation is at war.

Mr. COLE of Missouri. If the gentleman will yield further, may I say that there is hardly a farmer in my district who has not contributed a son, or a husband, or a hired hand to this war effort. I know that there is a war on and they know there is a war on. But they need farm machinery to partially make up for that which has been taken away from them in the way of farm help. They are working day and night and doing the best they can with what they have, but they are handicapped because they are not getting the farm machinery to replace that which has been worn out.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, let me tell the gentleman something about his farmers that he does not seem to know. There is not a farmer in the gentleman's congressional district who would not be willing to wear a pair of patched overalls so that some child on the other side might have sufficient proteins or sufficient clothing to cover its nakedness and to protect it from the weather; there is not a farmer in his congressional district who would insist on having a tractor if it meant taking away the tanks that his boy over there needs to protect him when he moves forward on the enemy. I may say to the gentleman that if he will put it up to his farmers, he will not find a single farmer in his district who would not be willing to get along with the machinery he has rather than take away the gun from the man who is standing on the front lines or taking from above him the plane that is protecting him from the enemy.

Mr. COLE of Missouri. All that is entirely true, but the point I make is that

my farmers are all doing that now. They are all wearing patched overalls because they cannot get new ones. They are already using broken-down equipment while we send overseas new equipment that they need.

Their boys over there need it too to supply the food this machinery is producing. Do not try to make people believe the farmer is that unpatriotic. Out of every hundred tractors our farmers are getting over 98, and the boys and our allies on the other side are getting less than 2.

Here are the departmental statements:
JUNE 2, 1944.

Hon. CLARENCE CANNON,
House of Representatives.

DEAR REPRESENTATIVE CANNON: In accordance with your request, I am supplying you with the facts concerning lend-lease shipments of farm machinery:

Lend-lease farm machinery has been shipped to our allies in order to assist them to produce more food for American fighting forces overseas and for their own soldiers and war workers. One ton of farm machinery will produce 8 tons of food within the first year. That saves shipping and reduces the overseas war demands upon our domestic food supply.

Between March 11, 1941, the date of the enactment of the Lend-Lease Act, and March 31, 1944, lend-lease shipments of farm machinery amounted to \$36,980,000. In the same period, total production of farm machinery in the United States amounted to \$1,645,000,000. Thus, lend-lease exports of farm machinery amounted to about 2 percent of our total production during that period.

In the first 3 months of 1944, lend-lease shipments of farm machinery to all areas amounted to \$4,273,000. This was less than the quarterly rate of our shipments in 1943, when total farm machinery shipments amounted to \$19,000,000.

More than half of all lend-lease exports of farm machinery since March 11, 1941, have been sent to the United Kingdom. Their value was \$21,753,000. This was 1.2 percent of American production. With the help of this relatively small amount of equipment the United Kingdom has been able to increase its food production by 70 percent over pre-war levels. Before the war Britain had to import over two-thirds of its food from overseas. Through this tremendous increase in home production, it has been possible for the British to maintain their rations with much smaller shipments of lend-lease foods than would otherwise have been necessary. Actually, lend-lease food shipments from the United States have amounted to only 10 percent of the total British food supply. The British in addition were able to provide to American forces in the United Kingdom by the first of this year over 350,000,000 pounds of food produced locally and in the colonies. This came to us as reverse lend-lease, without payment by us. Twenty percent of all food currently required for our forces in the United Kingdom is provided to us in this way.

Most of the balance of lend-lease shipments of farm machinery have been sent to Australia and New Zealand. These shipments were valued at \$7,976,000 and amounted to less than one-half of 1 percent of our total farm-machinery production. With the help of these shipments of farm machinery, Australia and New Zealand had, by the first of this year, already provided to American forces in the South and Southwest Pacific theaters over 800,000,000 pounds of food as reverse lend-lease, without payment by us. These countries are providing more than 90

percent of all the food required by American forces in the Southwest Pacific theater and a substantial proportion of all the food required by our forces in the South Pacific theater.

The remaining shipments of lend-lease farm machinery have gone mostly to the Middle East and Africa. These areas are now producing increased quantities of food for United States and other United Nations armed forces, for their own population, and to help meet the needs of liberated areas.

The following table shows the dollar value of all lend-lease exports of agricultural equipment (excluding crawler-type tractors, which are used almost entirely for military purposes) to the principal war theaters from March 11, 1941, to March 31, 1944:

*Lend-lease exports of agricultural machinery*¹

FROM MARCH 1941 TO MARCH 31, 1944

[In thousands of dollars]

United Kingdom.....	21,753
Australia and New Zealand.....	7,976
Africa and Middle East.....	5,062
Other.....	2,189
Total.....	36,980

¹ Excluding crawler-type tractors.

The total value of United States production of farm machinery since the passage of the Lend-Lease Act has been greater than ever before. Our production in the 3 years from April 1, 1941 to March 31, 1944, was approximately \$1,645,000,000. In the 8 years 1938, 1939, and 1940 our production was \$1,218,000,000. There has, nevertheless, been a domestic shortage of farm machinery in relation to the needs of our farmers, because of the great increase in our domestic food production program, the relative shortage of farm labor, and the increased purchasing power of farmers. For that reason shipments of farm machinery under lend-lease have been kept at the absolute minimum, consistent with the demands of our joint war effort.

Sincerely yours,

LEO T. CROWLEY,
Administrator.

FARM MACHINERY—U. N. R. R. A. BUDGET ESTIMATE

U. N. R. R. A.'s farm-machinery program will be supplementary to the farm machinery brought into the liberated areas, either during the period of military responsibility for civilian supply, or by the governments which are expected to pay in whole or in part for their own civilian supplies. Because the types and amounts which will be brought in before U. N. R. R. A. takes over, or which will be paid for by the countries themselves, are necessarily uncertain, and depend upon the progress of the war and the season of the year, among other things, it is impossible at this time to make a break-down of the items which U. N. R. R. A. will provide.

U. N. R. R. A. must hold itself in readiness to take responsibility for the heavier items of equipment, which it may be impossible to bring in during the earlier stages of liberation when conditions will be less stabilized and transportation will be more difficult. Furthermore, U. N. R. R. A. in pursuance of its policies of repairing existing equipment where possible and of getting the most economical use of its funds, will want to be in a position to bring in the maximum of spare parts for machinery still in existence. In north Africa, Lend-Lease brought in half as much by weight of spare parts, mostly for existing equipment, as new machinery, and U. N. R. R. A. may find it more economical and effective to devote an even larger proportion of its farm-machinery budget estimate to spare parts.

The heavier machinery and spare parts are more expensive, by weight, than the other items. Tractors, for example, cost

about \$500 per ton, and spare parts, in our procurement experience, average between \$500 and \$600 per ton. The U. N. R. R. A. budget item for farm machinery has therefore been estimated at the figure of \$500 per ton, to take care of these contingencies. If U. N. R. R. A. actually provides a large proportion of farm implements, the per-ton cost will be considerably less.

Limitations in the production field will also control to a considerable extent the break-down of the U. N. R. R. A. farm machinery estimate. It is impossible to place orders and to arrive at a firm conception of production possibilities until after the appropriation is made.

If the machinery scheduled for U. N. R. R. A. cannot be disposed of in liberated areas at the time it is produced, it can be turned back into the domestic market. It will thus represent a net increase of the available farm machinery supply in this country since the farm machinery for liberated areas will be scheduled in addition to and not as a deduction from the domestic quota.

Mr. H. CARL ANDERSEN. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The W. P. B. officials informed us last November that we had exported to Canada one-eighth of our total tractor production. Can the gentleman say why it is necessary to send to our neighboring country that proportion of very essential farm equipment?

Mr. CANNON of Missouri. I do not know anything about the correctness of the gentleman's statement, but I may say that the total percentage is inconsequential. In my own congressional district and in the congressional district of my able and distinguished friend from Missouri, when the river recently carried away all of our feed supplies, the thing that saved them was Canadian oats shipped in there directly from Canada on a hurry-up call by the Food Administration. We are receiving today direct advantage of the tractors we shipped to Canada.

In conclusion, Mr. Chairman, let me say that the vital consideration here is not whether U. N. R. R. A. has agreed to take some wool that some one thinks they have agreed to take, or whether these dresses which the gentleman the other day said were the most expensive dresses in the United States, and which it turns out now were not by any means in that classification, and that the dresses shipped abroad were being issued at \$1 a piece to people who had no dresses for 2 years. Or these shoes the gentleman exhibited here yesterday, and which it now develops were condemned by the health authorities and ordered destroyed to prevent infection of our own soldiers who might be required to wear them.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. CALVIN D. JOHNSON. By placing new half soles on them, does that help them in any way?

Mr. CANNON of Missouri. It was not understood in the beginning that they

were subject to condemnation by the medical authorities. No one knew that they were infected until they were ready to be reissued. I think the gentleman would be willing to sacrifice a pair of half soles instead of crippling a boy who would be issued a pair of those infected shoes and probably have to go to the hospital.

Mr. CALVIN D. JOHNSON. Mr. Chairman, will the gentleman yield further?

Mr. CANNON of Missouri. Yes.

Mr. CALVIN D. JOHNSON. Have we reached the point in medical science in this Nation where it is impossible to remove a disease or a germ, so to speak, from a shoe?

Mr. CANNON of Missouri. I did not condemn them. The medical profession condemned them. They said they did not dare let our soldiers wear them, and I will take their word for it. And the gentleman did not say a word about it yesterday.

Mr. Chairman, in conclusion let me say that these petty, pointless, Pecksniffian, picayune criticisms that have been made here during the consideration of this measure so important to the war program may do no harm in themselves. You are going to vote for this bill regardless of all this civil art criticism. You knew that all along.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield myself 5 additional minutes.

It is a disservice to the country. You are destroying the confidence of the people in those commissioned to win this war. Most serious of all, you are developing in this country a prejudice against our Allies, upon whose cooperation we must depend to win the war, and whose good will and cooperation we must have to win the peace that will follow the war. At this critical time there can be no greater disservice to the Allied cause than the effort to arouse prejudice and suspicion and antagonism against our British and Russian and Chinese Allies. The price is too great to compensate for any imaginary political advantage which might be gained through the dissemination of this inconsequential and erroneous propaganda.

Mr. TABER. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. JOHNSON].

Mr. CALVIN D. JOHNSON. Mr. Chairman, in answer to the statement that has been made by the gentleman from Missouri, I have a short statement here that I received from the War Department in which they inform me that in the future they will very carefully watch all shipments to see that no wearable shoes are sent to that particular place.

I have also an affidavit showing not only the small amount that I mentioned yesterday but many carloads of shoes were received. It seems very unusual that they would overlook the fact that there was a possibility of infection in these shoes that had been half-soled and repaired.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CANNON of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute.

Would the gentleman insist on American soldiers wearing those shoes in order to save the few cents invested in the half-soles when they have been condemned by the medical authorities as infected, and a disease might be contracted which would incapacitate them for the time being if not cripple them for life? Certainly, if the medical authorities, through some inadvertence, overlooked the fact—

Mr. CALVIN D. JOHNSON. I will say that the American soldiers took those shoes into the repair shop.

Mr. CANNON of Missouri. And if they were impregnated with athlete's foot germs or other infections, even though they could be repaired, would the gentleman say that our infantrymen ought to take a risk no Member of this Congress would take simply to save the Government the comparatively small value of a little leather?

Mr. CALVIN D. JOHNSON. I think we have slipped a long way. The statement I made yesterday, if the gentleman will permit me, was to the effect that those shoes should have been repaired and sent to Europe. That was the thought back of the statement yesterday. Give those to U. N. R. R. A. They can be repaired and turned over to them.

Mr. CANNON of Missouri. If any of them are infected, the gentleman would want them recalled, would he not?

Mr. CALVIN D. JOHNSON. Oh, that could easily be corrected.

Mr. CANNON of Missouri. That is what we are doing now. We are taking them out of circulation.

Mr. CALVIN D. JOHNSON. Here is something else that the gentleman might learn. Here is an advertisement of the Harwood Gail Co. of the city of Chicago advertising actual United States Government surplus garments:

Every garment is brand new—every garment is guaranteed perfect.

This advertisement reads:

These Storm Commando Coverall suits are \$12.50 retail. They are a remarkable value at the special sample price of \$7.45—an even greater value at \$6.45 when ordered in lots of three.

I checked up on that and I was advised by the Army that in July 1943, 35,000 of those suits were sold for \$1.67½ each. On August 17, 1943, 7,942 were sold for \$3.07½ each. That would make a purchase price of approximately \$80,000, and taking the low figure of the sale, it would be a sale price of \$277,000, or a clear profit of approximately \$194,000.

The gentleman was talking about the need of overalls in Europe. Here are the actual records, the figures from the Army itself. Those are the things we are criticising. Those are the things we are trying to correct.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, the blood of every race flows in the veins of America and Columbia loves them all. U. N. R. R. A. will do much for those who have been exploited by the war. It will be of service to those who find themselves with the least of this world's goods, as the children of men. U. N. R. R. A. likewise will benefit the heart of the giver. U. N. R. R. A. will prove a magnificent help also to the future economy of this country.

In connection with this short statement, I bid the committee to follow me in the reading of an extract from the hearings by Mr. Crowley on page 293:

The United Nations forces are moving steadily and inevitably toward victory. Among the United Nations forces our own Army is truly a world army. We in this country do not represent one race, one creed, a single geographic origin, but we represent a composite of many peoples united by common language, common culture, and institutions of our choosing. Any day one reads with sadness and resignation the names of battle casualties among our service personnel: Men and women who trace their ultimate origins to different parts of the world, descendants of Englishmen, Poles, Greeks, and Russians, Swedes, Norwegians, Danes, and Frenchmen, descendants of Italians and Irish forebears—all truly as American as the earliest settlers, united under the American flag and fighting for a common cause. This appropriation, gentlemen, is a token of faith in the cause for which these Americans are giving their lives.

This distinguished Administrator continues, and this should appeal to those who are calling for a business administration:

All my training has been along business lines. Public misconception has it that people of such background are not supposed to be sentimental about human suffering. The moral values in the present conflict, however, cannot be ignored even by the most hard-hearted and practical of men. There may be those who grant the highest motives and objectives in the present war and the coming peace, but still ask practical questions on how we expect to spend this money and what we are going to get in return.

The American people do not place a dollar value on life; nor do we want an interest rate on human suffering. This money will go to buy bread for the hungry, milk for the children, medicines for the sick, and to reunite families broken by war and shipped in bondage to different corners of the continent. And, of course, such medical service as U. N. R. R. A. renders as well as its work in repatriating the millions in Europe who have been driven from their homes will be matters exclusively for the U. N. R. R. A. staff. The immediate return, the gratitude and loyalty of those we help, will be intangible but no less real than the suffering. And they will help us in our advance to victory.

Mr. CANNON of Missouri. Mr. Chairman, I yield 8 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, the bulk of the money appropriated by this bill for U. N. R. R. A.—United Nations Relief and Rehabilitation Administration—will be expended after victory has been won. The United States has positively and definitely committed itself to participate with other United Nations in the rehabilitation of the nations and the people who have been devastated by war.

We must not renege on our definite promises. Many of the other nations who entered into this U. N. R. R. A. agreement with us have already made their appropriations. The United States—the wealthiest and most powerful nation on earth—has not made its contribution. That contribution is provided in this bill.

This bill represents our first practical test of post-war cooperation with other nations. I urge you strongly to pass this measure.

While we are thinking of post-war relief and rehabilitation of other nations, in which I think we must join wholeheartedly, we must not overlook our own post-war domestic situation. Unless the Nation's leadership is able to foresee some of the dangers which lie ahead of us, unless there is careful planning and an intelligent approach to our problems, we might have vast unemployment and economic stagnation. This, I believe, can be avoided, and should be avoided.

One of the hopeful signs for post-war employment lies in the huge backlog of purchasing power in the hands of consumers and also the shortage of many durable consumer goods. In order to make best use of this situation, though, a sensible and practical program of reconversion is positively essential, a subject which I hope to discuss at some length later.

At the same time, we may be confronted with a vast surplus of agricultural products, which, in wartime, is one of our greatest assets, but which, in peace without adequate Government protection, might so glut the market that prices of agricultural commodities would be severely depressed.

The American farmer has responded magnificently to his country's call for more food. In fact, the Nation's farmers have produced so much that instead of people walking the streets in starvation, as some pessimists predicted only a few months ago, we have now not only the greatest consumption of food in our history, but also we have in many cases the greatest surplus in our history. For instance, we now have so many eggs on hand that they are being turned into tankage and fed to livestock. This huge surplus of eggs so severely depressed the egg market a few weeks ago that the Government had to step in with its price-support program.

War food officials testified before the Appropriations Committee, of which I have the honor of being a member, that eggs would probably be selling now at 5 cents per dozen were it not for the floor-price support program.

Pork is another case in which the American farmer has produced more than his Nation can use. The refrigerators are so full of pork that the packers are threatening to discontinue slaughtering until the Government buys and moves out the surplus supply of fatback. There, again, too, the overproduction and the surplus has depressed the market. For several months now the Government has had to support the price of live hogs. Had it not been for this floor price under the price of live hogs, the American hog farmer would have had ruinous prices. True, the prices have been too low and

many farmers, including me incidentally, have actually lost money in feeding hogs in compliance with their Government's request. But hog prices would have been much lower for the past several months had it not been for this floor price.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. GORE. I am delighted to yield to the gentleman from Oklahoma.

Mr. MONRONEY. Mr. Chairman, I take this occasion to thank the gentleman on behalf of my farmers and the farmers of the Nation for the courageous action and foresight he had in writing into legislation as a member of the Committee on Banking and Currency the 85-percent support clause on all crops, basic and otherwise, required by the Secretary of Agriculture for the prosecution of the war. It was this foresighted action in writing this provision into legislation early that has protected the farmers thus far. It will not only protect them through the shifts and changes of war but for 2 years after the war. I thank the gentleman for his efforts in behalf of the farmers.

Mr. GORE. The gentleman from Oklahoma is very kind, and I thank him. I assure him I had no intention of referring to the fact that I proposed that program. May I say to the gentleman that without his ardent support and the support of other members of the committee, the American Farm Bureau, and the agricultural interests of the country, it would not have been possible to have written that provision into law.

I thank the gentleman again for calling attention to the fact that it has been helpful to the farmer.

This only emphasizes one of the real agricultural problems ahead. Congress must not wait too long to give consideration to the problem of post-war disposition of these huge food surpluses. We must not in any event or under any circumstances allow these surpluses to crush the American farmer as he was crushed following World War No. 1.

Consideration should now be given to ways of avoiding this. One thing is sure—if it is fair to place ceilings over agriculture prices to prevent them from getting too high, it is just as fair to support them with minimum floor prices to keep them from going too low. This is equally true and fair in war or peace.

Mr. Chairman, this appropriation is part of an agreed plan the purpose of which is to rehabilitate a war-torn world. We cannot stand aloof. We must play our part, do our share. I urge passage of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BRADLEY].

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, a foretaste of what might be in store for the American people if any of the individuals, prominently mentioned as Republican candidates for the

Presidency, should be elected, is given in an editorial in this morning's Times-Herald, published in Washington. This paper enjoys the confidence of the Republican leaders throughout the United States. It is one of the foremost antagonists of the Democratic administration. It is the greatest advocate of Republicanism in the Nation, and in the minds of many it is the national organ of the Republican Party. In today's editorial they suggest—they even recommend and cite as possibilities the following gentlemen for Cabinet positions should either Dewey, Bricker, or Warren be elected President:

Herbert Hoover for Secretary of State; Douglas MacArthur for Secretary of War; Winthrop Aldrich, president of the Chase National Bank, for Secretary of the Treasury; John Lewis for Secretary of Labor.

I see some of my Republican friends with expressions of doubt at that. The editorial also names Eric Johnston, president of the United States Chamber of Commerce, as a possibility for Secretary of Commerce.

Now Mr. Hoover's chief claim to fame lies in the fact that during this administration the selling of apples pretty nearly became the national occupation, and also for the fact that he used tanks and artillery to drive the bonus army out of Washington. In addition to which he allowed our Navy to scrap ships and to so decline in strength that comfort and courage was given to the dictators and they were emboldened in their plans for war. I will not comment upon Douglas MacArthur, except to say that anyone can envision what would happen to the morale of the War Department and the entire Army if General MacArthur, who is now a subordinate of General Marshall, were brought here to Washington and placed in a position of superiority over him, to direct the strategy of war. Everyone concedes that the judgment of General Marshall has been brilliant and that results so far have been great. It would be a serious error to supersede him in directing our strategy. Regarding the president of the Chase National Bank, anyone who is at all conversant with what took place in the twenties realizes the part that Mr. Aldrich and the Chase National Bank played in rigging the stock market which resulted in the eventual economic collapse, and the impoverishment and financial ruination of millions of American citizens. Regarding John Lewis as Secretary of Labor, I will leave some of my Republican friends who consistently oppose labor to make comment upon that.

As to Mr. Eric Johnston, of the United States Chamber of Commerce, as the Secretary of Commerce, what a combination that would be, with him sitting there as Secretary of Commerce and Winthrop Aldrich as Secretary of the Treasury. What a combine that would be, to repeat the exploitation of the early twenties which resulted in the collapse, in 1929, and almost precipitated a revolution. I am confident that this country cannot survive a prospect of this kind, and I am confident also that the American people in their good judgment will not per-

mit a condition to develop that would bring these men into the high Government places to repeat those things which they did in former days that very nearly ruined America, because in the post-war period we just cannot afford that and I am sure the American people will not permit it to occur. The Nation could not survive the dire consequences which would certainly follow anything of that kind.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask that the Clerk may read.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Agricultural, industrial, and other commodities and articles, \$3,446,361,000.

Mr. TABER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, this bill is set up by sections. Is it being read for amendment by paragraph as other appropriation bills are, or by sections?

The CHAIRMAN. The bill is being read by paragraphs.

Mr. TABER. It is being read by paragraphs?

The CHAIRMAN. Yes.

Mr. TABER. And each individual paragraph is subject to amendment?

The CHAIRMAN. Yes; the Chair so holds.

The Clerk will read.

The Clerk read as follows:

(c) In all, \$3,450,570,000.

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent that I may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Illinois?

There was no objection.

The CHAIRMAN. The gentlewoman from Illinois is recognized for 10 minutes.

Miss SUMNER of Illinois. Mr. Chairman, one reason why most Americans living in the heart of the United States hate the New Deal foreign policy is because we know that the domestic injustices which most of you more or less oppose are the almost unavoidable flow from the anti-American New Deal foreign policies.

These millions of Americans listen in vain to hear their sentiments reflected in Congress. They ask if it is insipid leadership or plain betrayal. They wonder why it is that Congress seems to have become a mere soundingboard for the Executive—instead of the voice of the people a Congress ought to be.

If the U. N. R. R. A. scheme is humanitarian so is keeping a gigolo. Maybe that was hard to believe 6 months ago when newspapers were emasculating columns which showed how the Moscow Conference was another Munich. But today our foreign policy is no longer the perfect crime undetected. Now even such erstwhile devout adherents to the New Deal foreign policy as David Law-

rence and Sumner Welles protest scathingly. By this time, it should be obvious to all who read that the war in Europe is no longer motivated by anything much more spiritual than momentum.

Moving as rapidly and conspicuously as lightning flashes, Stalin himself has revealed the skeletons in the closet. While claiming the Allied countries his partners granted him and edging ambitiously into the governments of others he has, at the same time, deprived you of every excuse you thought you had for giving American money to U. N. R. R. A. Who does not know that U. N. R. R. A. is to be Stalin's political tool? He has placed his henchmen in key positions in U. N. R. R. A. He has insisted that only his political machine shall distribute relief in Poland and the Baltic republics. You know that by the time U. N. R. R. A. moves into Italy he will virtually control the Italian Government. Who today can intelligently doubt that Stalin is using American men and American money to gain domination not only over Europe but also over China and the Americas?

The time is gone when Congressmen voting religiously for anything and everything labeled "administration foreign policy" can excuse themselves by saying they did not know what the administration foreign policy is. Administration spokesmen have repeatedly said not only privately but also publicly that their policy consists of winning this war regardless of how much it might diminish our strength for the next war and collaborating with Stalin by giving him everything he asks without bothering to find out whether or not he needs it to conquer Germany.

You dare not believe that our policy shortens the war because in fact it prolongs the war. The people of Germany where military strategy is taught in the public schools knew, of course, that Hitler had lost this war for them when, instead of invading England when England was weak and ripe for the taking, he, instead, turned and invaded Russia, giving England time, with the aid of America, to save the entire British Empire. Long afterward Mr. Churchill was quoted by the newspapers as saying that the reason he would not offer Germany some kind of peace was because he was afraid that if he did they would accept it. But now the Germans are encouraged to keep fighting on, jockeying for position, by the New Deal foreign policy which makes such fools of us. The Germans know, of course, that it is only a matter of time until Stalin will become so dangerously powerful that England, feeling insecure, will turn against Stalin and be bargaining for allies. The Germans, of course, assume that unconditional surrender would mean giving Stalin the privilege of liquidating and murdering the middle income classes in Germany the same way that the middle classes in Russia were liquidated and murdered. Stalin would presumably want revenge against Hitler and the principal Nazi leaders for their perfidy in turning against him when Stalin was still faithfully fighting as Hitler's ally. But what has the bulk of the Nazi ma-

chine to fear from Stalin? How large a part of the Nazi party was the German communistic party and tool of Stalin before it joined Hitler and became his drede Gestapo? We do not know. But to these ex-Communists the coming of Stalin may seem like the second coming of a savior.

This U. N. R. R. A. appropriation of around a half billion dollars may seem trivial in the eyes of those who think nothing of voting billions but to Europeans it is a tidy sum, indeed a bonanza. It is sufficiently large to enable Stalin to line up on his side all the political leaders in both Europe and China who have not yet lined up with him, providing they are vendable. You saw with your own eyes the exquisite little dresses our Government is buying to give away in Europe. They are the kind the daughters of kings would not be ashamed to wear. All those dresses if sold in America could buy vast quantities of food for starving people but who is much interested in feeding starving people? Returning soldiers tell us that in Algiers it is not the needy natives but racketeers who are profiting from the clothing sent there.

Six months ago you laughed when I reminded you that in 1940 the man who was the loudest isolationist was the man who got elected president and predicted that the man who is the loudest isolationist in 1944 will be elected President. But you noticed this week, months before the election, that the President has already started repudiating internationalism. You noticed, too, that this week his Secretary of State proclaimed that America still, as always, has the policy of justice for all, both at home and abroad, for weak nations as well as strong. He endeavored to prove it by citing the American record in the century during which we had the so-called isolationist policy which the New Deal has previously hectored and condemned.

I think it is not, as many think, that the President is such an unprecedently smart politician because our smartest politicians, like Abraham Lincoln, have been too smart to be tricky. It is only, I think, that his bumbling opponents who try to be for what they think he is going to be for before he decides to be for it, are such bubble brains. Surely even Mr. Willkie knows by this time that the American people do not care to elect for President any man who tries to out-Herod Herod.

How noncommittal to pledge that though you will be for joining a military alliance or association you will never, never, never surrender the sovereignty of the United States. That is exactly like advocating unlimited aid to warring nations while promising again and again and again that you will never send our boys to fight on foreign soil. No State in the United States has ever yet surrendered its sovereignty to our Federal Government but how much does that legal technicality protect the citizens of the various States against conscription and seizure by the Federal Government of men and property? The great powers want us to band ourselves to an international fraternity so that instead of hav-

ing to angle for it they can tap the money, resources, and soldiers of the United States automatically. The proposed association is the making permanent of the lending of American resources and soldiers. But nobody has asked us to surrender our sovereignty. It is like the story of the old maid who vowed never to surrender her sovereignty. She never did surrender her sovereignty and nobody ever asked her to.

The question before us is simply whether or not you want to vote money which Stalin will use to make himself so irrepressibly powerful that soon America will be asked to fight in World War No. 3 against him. He is ambitious, apparently, to become the first global ruler in history. But hardy England, as soon as he becomes very powerful will certainly feel insecure and will certainly want America to go to war too. You know that when England goes to war you will vote for lend-lease or whatever is required to get us into World War No. 3 because you did it before under similar circumstances. Next time it might be that isolationists would not oppose getting into the war because our traditional American policy is to fight whenever it is necessary in order to preserve the United States. The more money you vote for U. N. R. R. A. the sooner World War No. 3 against Stalin will be ripe to fight.

Genial Comrade Stalin, when World War No. 3 bursts upon him, is bound to feel as disappointed and disillusioned as he did when the Germans backtracked against him. It is not fair to him that in spite of the way he has been hijacking our fallen allies no official in America or England so far has issued a protest saying he is going too far. Stalin is a fellow who has come up the hard way—hard for him and hard for everybody who stood in his way. How could he know without ever having been told that there are some things one does not do. He does not even speak English, nor even Russian well. At Tehran nobody told him he was not doing all right. They drank his liquor. They laughed at his playful rowdiness. They gave him everything he asked, including upper Europe and a second front filled mostly with American soldiers. He thought he was a hit. If he noticed that President Roosevelt and Mr. Churchill seemed to stare at him through mental lognettes he doubtless supposed that it was only because they, like most modern rulers, including Stalin himself, are first generation monarchs who are still trying to acquire the arrogance of the manner born.

What is he going to think when, after encouraging him thus, just as he is about to become indisputable czar over more territory than any czar ever dreamed of possessing, England, with American help, turns on him and goes to war to take his brave new world empire away from him? You know that he is going to call the American people Indian givers. He is going to accuse America of being "isolationist" and say we have not fulfilled our pledge to "cooperate" with him to police the empire we "cooperated" with him to build up. Perhaps he will complain—publicly—that our President is nothing but a valet de chambre to the British.

Those who really love their fellow men will look behind the label plastered all over U. N. R. R. A. advertising it as charity—though in a way it is charity, like feeding turkeys for Thanksgiving dinner, or like the last tasty meal in a death house. Those who truly hate war will not be deceived into believing that the way to prevent World War No. 3 is to help build up one of the tyrants against whom in the next "tyrant's war" we shall be automatically and legally bound by the new international fraternity rules to go to war.

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 102. Any defense article, information, or service procured from funds appropriated by this title or prior acts appropriating funds to the President for the purpose of carrying out the provisions of said act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby: *Provided further*, That none of the funds appropriated in this title shall be used for the payment of any subsidy on agricultural products produced in the continental United States.

Mr. BELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BELL: Page 5, line 3, after the words "States", strike out the period and insert the following: "nor for the purchase or distribution of any food products for use in Puerto Rico or the Virgin Islands."

Mr. CANNON of Missouri. Mr. Chairman, the committee has no objection to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 103. This title may be cited as "Defense Aid Appropriation Act, 1945."

Mr. O'HARA. Mr. Chairman, I had a point of order to submit against section 102 which has not been completely read, and which point of order I wish to submit at this time.

The CHAIRMAN. The Clerk has just read section 103.

Mr. O'HARA. Mr. Chairman, the Clerk was just reading section 102, and I wish to make a point of order against that section.

The CHAIRMAN. The gentleman from Missouri [Mr. BELL] offered an amendment which was considered by the Committee and agreed to by the Committee, an amendment to section 2 after it had been read.

Mr. O'HARA. Mr. Chairman, I wish to make a point of order against section 102 on the ground that it is legislation on an appropriation bill.

Mr. CANNON of Missouri. Mr. Chairman, I submit the point of order comes too late.

The CHAIRMAN. The gentleman from Minnesota makes a point of order against section 102.

Mr. DIRKSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DIRKSEN. It occurs to me from following the reading that most of page 3 and all of page 4 down to section 102 was not read by the Clerk, and I do not believe the gentleman ought to be foreclosed from an opportunity to make the point of order, because his request was reasonable under the circumstances.

Mr. CANNON of Missouri. Mr. Chairman, it was read by the Clerk.

Mr. O'HARA. It was not completely read; Mr. Chairman, it is obvious that it was not completely read.

The CHAIRMAN. The gentleman from Minnesota makes a point of order that section 102 is legislation on an appropriation bill. The point of order comes too late. As the Chair has previously announced, the Committee has already considered and agreed to an amendment to section 102 offered by the gentleman from Missouri [Mr. BELL].

The point of order is overruled.

Mr. CALVIN D. JOHNSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CALVIN D. JOHNSON: Page 5, line 5, after the numeral 1945 add a new section as follows: "No portion of the funds hereby appropriated or materials purchased therewith shall be made available to any nation whose troops have not been engaged by actual battle participation in the present war."

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes.

Mr. CALVIN D. JOHNSON. Mr. Chairman, every Member of Congress realizes the benefit that has been brought to our allies through lend-lease. Lend-lease as originally intended was for the purpose of making goods available to those actually engaged on our side in carrying on the war. Under lend-lease procedure funds and goods have been distributed generously throughout the entire world. I am informed that some 46 nations have participated in lend-lease assistance, yet nothing like that number of nations has been engaged by actual participation.

This amendment would not cut the amount of lend-lease funds but would make those materials and funds available to those nations whose troops are now or have been in the past actually engaged in battle or in the winning of the war. It would prevent the passing out of funds to nations in South America where five or six men can get together and declare war upon the Axis and become eligible for assistance, realizing that at no time will they ever be called upon to shed their blood in the defense of democracy. It would mean that more money and more goods would be available to those doing the actual fighting. I believe the amendment is worthy of the favorable consideration of the House. It will go a long way toward conserving the funds provided hereunder for the nations active in the war effort and will mean that every dollar of the American taxpayers' money that is going to be spent upon the war through this means will go for the purchase of food, materials, and clothing.

I shall read the amendment once more and then close. The amendment is very simple. It is this:

No portion of the funds hereby appropriated shall be made available to any nation whose troops have not been actively engaged by actual battle participation in the present war.

That would not affect Poland, Greece, Yugoslavia, or any nation that has been overrun by the Axis. Those nations whose troops have faced the enemy are the ones we want to help. Let us stop passing out lend-lease funds to nations all over the world under the guise of aiding the war effort.

Mr. CANNON of Missouri. Mr. Chairman, the amendment is so absurd that I ask that a vote be taken without further debate.

Mr. CALVIN D. JOHNSON. I wish to thank the gentleman. I am sorry he does not understand it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. CALVIN D. JOHNSON) there were—ayes 70, noes 73.

Mr. CALVIN D. JOHNSON. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. CANNON of Missouri and Mr. CALVIN D. JOHNSON to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 82, noes 14.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 201. To enable the President to carry out the provisions of the Act of March 28, 1944 (Public Law 267), and for each and every purpose incident thereto or necessary therefor, \$450,000,000, to be available immediately and to remain available until June 30, 1946: *Provided*, That (1) any sums allocated by the President to any executive department, independent establishment, or agency for any of the purposes hereof, from funds appropriated by or authorized to be expended under this title or from funds made available by the United Nations Relief and Rehabilitation Administration, may be expended without regard to those provisions of law waived by law with respect to the expenditure of Government funds by such department, independent establishment, or agency; (2) the appropriations, funds, or accounts of any executive department, independent establishment, or agency shall be reimbursed or credited from sums allocated hereunder, except as hereinafter provided, for any supplies, or services procured from such appropriations or funds or by use of such accounts and furnished for any of the purposes hereof; and (3) any supplies or services procured from funds appropriated by or authorized to be expended under this title may be retained by or transferred to any executive department, independent establishment, or agency, and said funds shall be reimbursed from payments made in return therefor by such department, independent establishment, or agency: *Provided further*, That any officer or employee of any executive department, independent establishment, or agency who is detailed to the United Nations Relief and Rehabilitation Administration and compensated hereunder, either directly or by reimbursement of applicable appropriations or funds, shall, while so detailed, retain and be entitled to the rights, benefits, privileges, and status of an officer or employee of the United States and of the department, independent establishment, or agency from which detailed.

Mr. BUFFETT. Mr. Chairman, I move to strike out the last word, and I ask

unanimous consent to revise and extend my own remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska [Mr. BUFFETT]?

There was no objection.

Mr. BUFFETT. Mr. Chairman, a Member of the House offers an amendment designed to preserve some of the frugal savings of the American taxpayers and the chairman of the Appropriations Committee calls it absurd. Truly, it is absurd to try to preserve the savings of the American taxpayer as long as his party is in command.

Yesterday the chairman of the Appropriations Committee chose to quote a little Scripture when it suited his purpose. I propose to quote a little Scripture to refresh the memory of some of the Members. So I take this verse from St. Paul in a letter to St. Timothy in which he said:

He who careth not for his own, and especially those of his own house, he hath denied the faith and is worse than the infidel.

Mr. Chairman, the Members of Congress should remember that Scripture as they sit here day after day and vote these immense appropriations.

I call attention to the statement of a distinguished American some years ago who said:

Most liberal governments in modern times have been wrecked on the shoals of loose fiscal policy.

Does anyone here know of any more loose fiscal policy in a liberal government than the United States is demonstrating to the world at the present time? Can any Member here tell us how much money has been appropriated during this session of Congress, how many hundreds of millions and how many billions have been appropriated, and how many different spending bills have been introduced and passed?

In past years Lenin said:

The surest way to overturn the existing social order is to debauch the currency.

How far down that road has this Congress gone? This session we have passed one tax bill. We blew the trumpets and made a big hullabaloo about passing a tax bill providing something over \$2,000,000,000. Yet day after day we come in here and pass appropriation bills for new purposes, for purposes not connected with the winning of the war, for purposes of sending to all parts of the world hundreds of millions of dollars.

The other evening in the Reader's Digest I read the story of the sinking of the *Titanic*. That was supposedly a great unsinkable ship. It could not sink. On the night the *Titanic* sank it had received five separate warnings that there were icebergs about, but the captain and those in command of that ship believed that the ship could not sink. They paid no attention to those warnings.

How many warnings has this Congress had that the ship of state of the United States is drifting toward financial disaster? Warning sign after warning sign has been passed, one after another. We should remember the example of the

Titanic and get our ship of state headed in the right direction.

I hear it said on both sides of the aisle, "Do not vote against any appropriation because we are sending hundreds of millions of dollars all over the world, and it is not fair to our own people to deny any hand-out at home."

This is a plausible argument and hard to answer when this Congress votes away the wealth and treasure of the American taxpayers. U. N. R. R. A. may be a noble experiment in charity, but can you recall any instance on earth where legislatures have ever been able to legislate changes in human nature? Was this Congress able to legislate temperance? Was the French Assembly able to legislate a price law that would stop the law of supply and demand? No. Neither will this Congress be able to legislate charity. But government can create or destroy the atmosphere in which charity will flourish. This legislation is destroying the charitable instincts of the American people.

Mr. COFFEE. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield to the gentleman from Washington.

Mr. COFFEE. Would the gentleman be kind enough to tell us as to whether he voted against any appropriation bill?

Mr. BUFFETT. Yes. I have voted against every appropriation bill which I recognized as not vital to the winning of the war or vital to our domestic economy.

Mr. CASE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE: Page 5, line 11, strike out "\$450,000,000" and insert "\$428,300,000 in funds and 61,740,000 pounds of raw wool from stocks owned by the Commodity Credit Corporation."

Mr. CANNON of Missouri. Mr. Chairman, I desire to make a point of order against the amendment. It is not germane, and is legislation on an appropriation bill. It involves legislation pertaining to the appropriation of wool whereas the pending bill relates exclusively to the appropriation of money.

Mr. CASE. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. CASE. Mr. Chairman, I have in my hand Public Law 267 of the Seventy-eighth Congress, which is the U. N. R. R. A. Act, under which the appropriation in this section is proposed. The first paragraph of that Act reads as follows:

Resolved, etc., That there is hereby authorized to be appropriated to the President such sums, not to exceed \$1,350,000,000 in the aggregate, as the Congress may determine from time to time to be appropriate for participation by the United States (including contributions in funds or otherwise and all necessary expenses related thereto) in the work of the United Nations Relief and Rehabilitation Administration.

Further, section 6 of the act specifically sets forth that Congress may determine the character of our contributions as well as the amount by using this language:

In adopting this joint resolution the Congress does so with the following reservation:

"That in the case of the United States the appropriate constitutional body to determine the amount and character and time of the contributions of the United States is the Congress of the United States."

I submit to the Chair that the basic act under which this entire appropriation is authorized specifically, in the first paragraph, uses the words "including contributions in funds or otherwise." Unless something like raw wool or something else might be offered as part of the aggregate of the \$1,350,000,000, the words "or otherwise" as contrasted with "funds" would have no meaning.

That is buttressed by the language in section 6, which provides that the Congress may determine the amount, which relates to the aggregate, and the character. Obviously the word "character" is intended to include contributions of character other than money.

Mr. CANNON of Missouri. The authorization for this appropriation is Public Law 267 of the Seventy-eighth Congress, an act which authorizes the appropriation of sums of money. We are authorized under this law to appropriate money and nothing else. Later on, after the money is appropriated then, as the gentleman suggests, if you want to substitute commodities, that is permissible, but the authorization is to appropriate money, and money only.

Any proposition to appropriate commodities is not authorized by law and is not germane to the bill.

Mr. CASE. Mr. Chairman, I agree that the basic authorization for this appropriation is Public Law 267, which is what I cited, but the gentleman from Missouri read only a part of the first paragraph and ignored the last part of it to which I called the gentleman's attention, where it specifically provides for "funds or otherwise"; and he certainly ignored section 6, which reserved for Congress the right to determine not only the amount but the character of the contribution.

The CHAIRMAN. The authorization, as has been stated, is under Public Law 267, Seventy-eighth Congress. The first paragraph of that law reads:

That there is hereby authorized to be appropriated to the President such sums, not to exceed \$1,350,000,000 in the aggregate as the Congress may determine from time to time to be appropriate for participation by the United States (including contributions in funds or otherwise).

The Chair is of the opinion that inasmuch as this is an appropriation, and inasmuch as the Committee on Appropriations is limited to making appropriations of money, this bill could provide only for an appropriation of money, and that if Congress should determine to make other property owned by the Government available, it would have to be under legislation submitted to the Congress by an appropriate committee.

In view of that interpretation, the Chair is constrained to sustain the point of order.

Mr. CASE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE: On page 5, line 11, after "\$450,000,000", insert "of

which \$21,700,000 shall be available to reimburse the Commodity Credit Corporation for 61,740,000 pounds of raw wool now owned by said Corporation in behalf of the United States."

Mr. CASE. Mr. Chairman, the purpose of this amendment is to utilize in the relief program a portion of the huge stocks of raw wool now owned by the United States. There is nothing new or unusual about such a proposal. This House has many times voted to make available food stocks owned by the Surplus Commodity Corporation for the food relief program in our domestic relief program during the past few years. The Members will remember that surplus foods were made available to the Relief Administration for domestic relief. The purpose of this amendment is merely to make available to the foreign relief program some of the wool owned by the United States Government. This is not a matter particularly of concern to me, individually or personally, but it is a matter of concern to the United States as a whole.

I have in my hand a copy of the War Changes in Industry Series, Report No. 3, by the United States Tariff Commission, published in May 1944, which is the second study the Tariff Commission has put out on the subject of the wool stocks in this country. As a war measure, we set out to purchase all of the foreign wool we could get. We purchased all of the Australian wool so that it could not fall into the hands of the Japs. We purchased all of the domestic clip in order that we might be assured of having enough wool for the use of the Army and the Navy during the war.

The result has been that when the war picture changed, as the Tariff Commission points out in this study, we find ourselves confronted with a huge supply of wool—1,400,000,000 pounds of wool actually in sight in the United States today, owned by the United States Government, or in the hands of the processors.

This entire report is devoted to showing what a problem that creates for the country and how it hangs over the markets of the country. The Commission finds that this will be true for years after the war unless some way be found to reduce these stocks.

And—

Says the Tariff Commission's report—there are no choices of policy whereby the costs of the Government wartime wool program can be eliminated. Whatever alternative is chosen, the burden of the cost will have to be borne by either the taxpayers, the consumers, or both.

Officials in charge of U. N. R. R. A.'s clothing program have said they were not concerned with the domestic economy; that they wanted to buy the cheapest wool they could get even if they went out of the country for it. Now my point is that it does not make sense to go out and buy more wool when the Government already owns huge stocks on which it stands to take a loss. We better take what U. N. R. R. A. can pay for it and take our loss now and get this wool out of the oversupply in the stock pile. The Tariff Commission, in its report, takes

note of the suggestion that some of the stock pile should be used for foreign relief and says that—

the proposal to make some of it available for use in this foreign-relief program has some merit.

The objection the Tariff Commission found to any large disposal in this way was a possible bottleneck in machinery and labor, so I have covered by my amendment only the amount of raw wool which the Foreign Economic Administration proposed to the Committee on Appropriations be purchased under the money to be appropriated. The figure I have used, \$21,700,000, is the amount shown in the justifications for which appropriations were asked to buy more wool, to buy 28,000 metric tons, which figures out to the 61,740,000 pounds which would be made available from the stocks of the Commodity Credit Corporation under the language of the amendment I have offered.

Mr. MANSFIELD of Montana. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Montana.

Mr. MANSFIELD of Montana. I am going to support the gentleman's amendment because I think it is the right thing to do. As far as the 61,000,000 pounds of wool are concerned, it is only a drop in the bucket. Just last week I read in the Christian Science Monitor a quarter-page advertisement of a large clothing concern in this country advertising Australian wool. What good is it going to do us if we keep on getting this wool from the outside and building up a huge surplus which creates big stocks at home, and under which we cannot take care of our domestic clip? This imported wool has come in under wartime conditions which has resulted in it being given a status and preferred standing it could not otherwise maintain.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Nebraska.

Mr. CURTIS. I was interested in the figures given as to the vast amount of wool held by our Government and the Government of England, far in excess of what we use. I was wondering if the Government is not holding this wool for the purpose of pulling it over the eyes of the people.

Mr. CASE. That might be.

As the Tariff Commission points out as to the other methods of solving this whole problem, such measures would tend to conflict with the foreign trade and price policies of the administration. I submit to the gentlemen on my right that if we do not approach the problem this way we are going to have a more difficult problem to approach some other way. I give this conclusion of the Tariff Commission, "Some part of the Government's stock pile might possibly be used for relief purposes."

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Why did the gentleman confine it to the Commodity Credit Corporation?

Mr. CASE. Because the Commodity Credit Corporation has something over 200,000,000 pounds of domestic wool, and it is the one that has been putting out the money to buy the domestic wool.

Mr. McCORMACK. What would it cost U. N. R. R. A. to buy this wool from the Commodity Credit Corporation?

Mr. CASE. I have limited the amount to be made available for the purchases to the exact amount proposed here in the justification.

Mr. McCORMACK. I understand it will cost 46 cents a pound, whereas if they purchase it from some of the stock piles owned by other Government agencies it will cost 35 cents a pound.

Mr. CASE. That is only because the Defense Supplies Corporation purchased the wool it did purchase from Australia without the payment of a tariff. The price which the Commodity Credit Corporation has paid to the domestic growers includes the benefit of the tariff on domestic production. But it is as long as it is broad. If the tariff had been paid by Defense Supplies the money eventually would have come from the Treasury and eventually would return to it.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Would the gentleman object to striking out the words "Commodity Credit Corporation" and providing that a certain sum of money be used for the purchase of raw wool?

Mr. CASE. Not if it provides that the purchase be made of wool owned by Government corporations of the United States at the present time. I do not particularly care whether the Commodity Credit Corporation or the Defense Supplies Corporation furnishes this wool, so long as we reduce the stocks that hang over the domestic market. We have been assured by Mr. Jones that no more of the Australian wool will be purchased by Defense Supplies and they have begun to liquidate their present holdings. And my amendment seeks further to get rid of the oversupply in this country by insuring that some of the wool that the United States now owns shall be used for this relief program, instead of purchasing more abroad.

Mr. McCORMACK. In other words, the gentleman is willing to have the amount set aside for the purchase of wool from the Government stock pile?

Mr. CASE. That is right.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Tennessee.

Mr. JENNINGS. The gentleman's amendment simply embodies this common-sense proposition, that the Government through one or two corporations

now owns more wool than we probably can ever use sensibly, so, instead of going abroad and buying \$21,000,000 worth of wool, we should buy it from the stock pile we already have.

Mr. CASE. That is correct, and I appreciate the gentleman calling the proposition common sense. That is what I think it is.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from New York.

Mr. BLOOM. Is it mandatory that U. N. R. R. A. buy this wool, or is it just in case U. N. R. R. A. should need this amount or a part of it?

Mr. CASE. It is not mandatory in the sense that they have to buy it if they do not need any. It does make this much money available for the purchase of so much raw wool already owned by the United States and earmarks the funds for that purpose.

Mr. BLOOM. If they need it; is that right?

Mr. CASE. Yes. I assume that applies to all the money in here. I hope they are not going to buy anything they do not need.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The concept of U. N. R. R. A. is certainly to the effect that it is to buy some fiber out of which to make goods to send away.

Mr. CASE. Yes; there is no question about that, according to the justifications.

Mr. CRAWFORD. There is no question about that by anybody who has listened to these debates.

Mr. CASE. The figures I have used are from the justifications.

Mr. CRAWFORD. We certainly know that there are tremendous forces at work in all these international relations at the moment designed to put the exchange value of the dollar at a high level. If that effort succeeds, it will run contrary to our making any exports of consequence in the post-war period. Therefore why not get rid of these stocks at the present time?

Mr. CASE. While we have them I think we should use them instead of spending more money to add to stocks that are already too large.

Mr. NORRELL. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield to the gentleman from Arkansas.

Mr. NORRELL. If we are going to include an amendment like this for wool, why would it not be just as fair and right and reasonable to include an amendment covering cotton and rice and all the other commodities we have?

Mr. CASE. I would say I would have no objection to that if we had a surplus of those things already owned by the United States. With respect to cotton, I read the other day that there is some fear that the cotton textile program is going to be so large that it will run more than the cotton that will be in supply. Personally, I do not care. If the Government already owns more cotton than

the market will take and you want to use some of it that way, that is all right with me. I do not know the cotton situation. The wool situation, however, is a matter of common knowledge and general concern, as is evidenced by the Tariff Commission's study to which I have referred. And we do know that unless something is done like this the wool which the Government already owns will not be used in the U. N. R. R. A. program.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield.

Mr. MURDOCK. Does the amendment offered by the gentleman contemplate taking over all the foreign-produced wool now in the country?

Mr. CASE. No; it does not. It merely provides as to the amount of raw wool that the Foreign Economic Administration is going to buy for the uses of the U. N. R. R. A., that it buy it from stocks already in the United States and owned by the Government.

Mr. MURDOCK. This looks like a good amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANSFIELD of Montana. Mr. Chairman, I ask unanimous consent that the gentleman from South Dakota have 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MANSFIELD of Montana. Is it not true that in contrast to the cotton set-up, that this Government under bond brought in a lot of Australian wool which it was not supposed to sell unless an emergency arose and that that emergency did not arise, and we bought that wool which, at the present time, is a drug on the market and is coming in direct competition with the American domestic clip and forebodes a good deal of ill for us in the future?

Mr. CASE. That is certainly true.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. CANNON of Missouri. Mr. Chairman, the committee has no objection to this amendment provided the gentleman from South Dakota will accept a modification to the effect that it is to be taken from the Government stock pile instead of from the supplies of the Commodity Credit Corporation, and it is provided that the amount is not to exceed \$21,700,000. If the gentleman cares to accept that amendment, we have no objection.

Mr. CASE. Mr. Chairman, I have no objection to that, that is, from the stock piles now in existence.

The CHAIRMAN. Will the gentleman from Missouri indicate the modification desired?

Mr. CANNON of Missouri. The modification is to insert the words "not to exceed" before the figures "\$21,700,000"; and institute for Commodity Credit Corporation "from Government stock piles."

Mr. CASE. That is, from Government stock piles now on hand.

Mr. CANNON of Missouri. Exactly, now on hand.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Dakota [Mr. CASE], as modified.

The Clerk read as follows:

Amendment offered by Mr. CASE: On page 5, line 11, after "\$450,000,000", insert "of which not to exceed \$21,700,000 shall be available to reimburse the Government corporation for 61,740,000 pounds of raw wool now owned by said corporation in behalf of the United States."

Mr. CANNON of Missouri. Mr. Chairman, to what corporation does the gentleman refer? This is to be taken from the general stock piles now existing, not from the inventories of any corporation.

Mr. CASE. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman.

Mr. CASE. Both the Defense Supplies Corporation and the Commodity Credit Corporation are Government corporations. They are the two corporations which own the wool.

Mr. CANNON of Missouri. Will the gentleman from South Dakota accept the words "to be taken from Government stock piles"?

Mr. CASE. Somebody would have to be reimbursed and the Government corporation would be the agency to be reimbursed. I may state there is no question of fact here. I quote from the Tariff Commission report in my hand, "The Government has acquired in its own right two substantial stock piles of wool, one consisting of foreign wools held by the Defense Supplies Corporation, and a second consisting of domestic wool held by the Commodity Credit Corporation." So it seems to me when you use the words "Government corporation" and provide that this money shall be available to reimburse them for raw wool now held by said Corporation in behalf of the United States, that such language would be sufficient.

Mr. CANNON of Missouri. Of course, the gentleman understands this amendment is, as a matter of fact, entirely superfluous. It is stated here in the estimate submitted to the Committee on Appropriations that "it is planned to buy the wool in this country from Government stock piles." Now, without any action taken here, that is what they propose to do—buy from Government stock piles. If so, they will buy it at about 35 cents a pound, according to this statement. On the other hand, here is a letter from the Foreign Economic Administration under date of May 31, 1944, which says:

The Government also has a stock pile of domestic wool purchased by the Commodity Credit Corporation at domestic wool prices of approximately 46 cents a pound, less marketing charges of about 4 cents a pound.

In other words, if this amendment is adopted and the wool is bought from the Corporation, U. N. R. R. A. will get less wool and less wool would be taken out of the stock pile to relieve the market for the benefit of the American producer. If the gentleman will modify the amendment, as suggested instead of buying 46-cent wool we will buy 35-cent wool, U. N. R. R. A. will get more wool and we

will remove a larger amount of the wool overhanging the market.

Mr. CASE of South Dakota. I thought I had modified the amendment in the manner that the gentleman from Missouri [Mr. CANNON] suggested.

Mr. CANNON of Missouri. If the gentleman will modify his amendment so that the wool will be taken from the general stock pile, it is satisfactory to the committee.

Mr. CASE. These Government stock piles are in only two places. One is in the Defense Supply Corporation and the other in the Commodity Credit Corporation. They are both Government corporations, and I leave to the administration to determine which one they want to purchase the wool from. The principal purpose is to insure using a part of the visible supply in this country now instead of bringing in still more and leaving unused these Government stocks to hang over the market.

Mr. CANNON of Missouri. I will say to the gentleman this illustrates the difficulty of trying to legislate here on the floor instead of bringing these matters before the Committee on Appropriations where we can consider them judicially with the facts before us. In attempting to write legislation here on the floor in this helter-skelter way, there is always the risk that grave mistakes may be made. Will the gentleman accept the modification providing that it will be taken from the general stock pile?

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. I merely want to call the attention of the gentleman from Missouri [Mr. CANNON] to the fact that this matter came before our committee and was thoroughly discussed and was turned down by the majority members of the committee.

Mr. CANNON of Missouri. It was never presented in writing or in this form. Mr. Chairman, we accept it, provided the commodity is to be taken from the general stock pile. Otherwise we cannot accept it.

Mr. PACE. Mr. Chairman, I am certainly in sympathy with any provision which will help remove the accumulated surplus of wool. Of course, I hope the House will on the appropriate occasion be sympathetic to any reasonable provision to remove the accumulating surplus of cotton. I simply want to get an understanding from the gentleman from South Dakota of the significance of his amendment. I understood the gentleman to say there was nothing compulsory about it.

Mr. CASE. It makes this much money available out of the figure that was submitted, for the purchase of raw wool, so that the raw wool is purchased and the money would be expendable in that fashion.

Mr. PACE. On the other hand, and generally speaking, the entire \$450,000,000 would be available for that purpose.

Mr. CASE. Yes and no. The fact is that Mr. Konhaim, who is in charge of this wool-purchasing program, has said

he did not intend to use any of the domestic wool. If the amendment is modified, let them buy it from either of the corporations that has it on hand.

Mr. PACE. Suppose we should provide that twenty or twenty-five million dollars should be made available for the purchase of surplus cotton now owned by the Commodity Credit Corporation, do I understand such purchase would be required?

Mr. CASE. We earmark this money for the purchase of wool from the Government stock pile.

Mr. PACE. Of course, we are faced with this situation, that we are particularly earmarking money for 35-cent wool while there is plenty of 20-cent cotton on hand. I certainly want to fulfill my obligation to the cotton producers under such circumstances. But it is not clear in my mind where we would gain anything by making a specific sum available for wool or cotton when they might want to spend twice that amount.

Mr. MANSFIELD of Montana. Will the gentleman yield?

Mr. PACE. I yield.

Mr. MANSFIELD of Montana. A large part of this wool was imported into the country from Australia and was supposed to be held under bond and released only in an emergency. No emergency has arisen but the wool has been sold, thrown on the market and helped to create a surplus. I do not think you have a similar situation insofar as cotton is concerned.

Mr. PACE. In that respect we would not, except that we have a surplus of cotton that is much greater than of wool. Particularly the low grades and short staples.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. PACE] has expired.

[Mr. CRAWFORD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CASE. Mr. Chairman, I ask unanimous consent that my amendment may be modified in the form of an amendment which is now at the desk, on which I have conferred with the chairman of the committee.

The CHAIRMAN. Is there objection? There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment offered by Mr. CASE: Page 5, line 11, after the figures insert "not to exceed \$21,700,000 shall be available for procurement of 61,700,000 pounds of raw wool from stock piles of the United States Government existing on the date of the approval of this act."

Mr. PACE. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. PACE to the amendment offered by Mr. CASE: At the end of the Case amendment, strike out the period and insert a comma and add: "and \$43,200,000 shall be available for procurement of 345,500 bales of cotton now owned by the Commodity Credit Corporation."

Mr. PACE. Mr. Chairman, it appears that the U. N. R. R. A. organization has

submitted an estimate of the expenditure of the money carried in this bill. The estimate is titled "Appropriation to Carry Out U. N. R. R. A. Legislation." Raw wool, 61,740,000 pounds, \$21,700,000. That is covered by the amendment offered by the gentleman from South Dakota. Raw cotton, 345,500 bales at \$43,-200,000, which is the amendment I have offered. Therefore the two amendments together, and I respectfully ask you to adopt both, would take care of the amount of U. N. R. R. A.'s own figures submitted to the Congress.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. MURDOCK. Do I understand that the two amendments before us now involve the exact sums that are asked for by U. N. R. R. A.?

Mr. PACE. As carried in the pending bill, identically the amounts they requested for these purposes.

Mr. MURDOCK. In view of the menace of these supplies to the prices of our American production, I favor the amendments and their uses in that way.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. PACE. I do.

Mr. CRAWFORD. Does this in any way relate to low-grade cotton? Why does the gentleman mention a certain number of bales?

Mr. PACE. Because that is U. N. R. R. A.'s own estimate.

Mr. CRAWFORD. That is what I wanted to get.

Mr. PACE. Three hundred and forty-five thousand five hundred bales.

Mr. CRAWFORD. Is there any price per pound involved?

Mr. PACE. There is not. It is, of course, my hope that they will use the lower grades and shorter staples of cotton which is the real surplus we have at this time. As all of this money is to be spent for relief in foreign countries, as a pure gift from the American people, certainly the least that can be done by those who will administer these funds is to expend them in a way which will be most helpful to the American producers, who must provide a good portion of the money through taxes. Therefore, if they show proper consideration for those who must pay the bill, they will use this low-grade and short staple cotton in this program. That is one of the principal considerations which prompts me to ask you to approve this amendment.

Mr. RABAUT. Mr. Chairman.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. RABAUT. In opposition to the amendment.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. RABAUT. Mr. Chairman, in both these amendments we are just disturbing the whole program and are trying to write legislation on this floor that will not be helpful when completed. The figures are not correct and we are opening up this very important subject that deals with an international organization, opening it up to every type of

commodity to be used by this agency.

There is not a commodity that could not be reduced in price today in this country if it were not for the sustaining action of this Congress in holding it to its price. I believe the committee is going to make a tremendous mistake in specifying specific items in this program.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 87, noes 55.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question recurs on the amendment as amended.

The question was taken; and on a division (demanded by Mr. RABAUT) there were—ayes 110, noes 40.

So the amendment as amended was agreed to.

The Clerk read as follows:

SEC. 202. In addition to the sum appropriated by section 201 of this title, any supplies, services, or funds available for disposition or expenditure by the President under the act of March 11, 1941, as amended (22 U. S. C. 411-419), and acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the act of March 28, 1944, without reimbursement of the appropriations from which such supplies or services were procured or such funds were provided: *Provided*, That the supplies, services, and funds disposed of or expended under the authority of this section shall not exceed a total value, as determined under regulations to be approved by the President, of \$350,000,000 and shall be charged to the amount authorized to be appropriated by said act of March 28, 1944: *Provided further*, That the authority granted by this section shall not become effective until the United States Joint Chiefs of Staff shall have issued a certification that the state of the war permits the exercise of such authority and the utilization of lend-lease supplies, services, or funds for the purposes of section 201 of this title; and after such certification such utilization shall be upon the determination of the Administrator of the Foreign Economic Administration.

Mr. BRADLEY of Michigan. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my own remarks.

Mr. O'HARA. Mr. Chairman, I make a point of order against section 202, beginning in line 18, page 6, down to line 16, on page 7, on the ground that it is legislation on an appropriation bill and in contravention of rule 21, subsection 2.

The CHAIRMAN. The Chair has recognized the gentleman from Minnesota to make his point of order.

Does the gentleman from Missouri desire to be heard on the point of order made by the gentleman from Minnesota to section 202?

Mr. CANNON of Missouri. We concede the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. CANNON of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri: Page 6, after line 17, insert:

"SEC. 202. In addition to the sum appropriated by section 201 of this title, any supplies, services, or funds available for disposition or expenditure by the President un-

der the act of March 11, 1941, as amended (22 U. S. C. 411-419), and acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the act of March 28, 1944, without reimbursement of the appropriations from which such supplies or services were procured or such funds were provided."

Mr. CANNON of Missouri. Mr. Chairman, I ask for a vote on the amendment.

Mr. O'HARA. I desire to make a point of order against the amendment offered by the gentleman from Missouri [Mr. CANNON], because it is legislation on an appropriation bill and not in order at this time.

The CHAIRMAN. The gentleman makes a point of order against the amendment, which is rather broad. The amendment proposed cites the statute under which it is proposed to make the appropriation. The Chair will be glad to hear the gentleman if he has any statement in support of his point of order.

Mr. O'HARA. Mr. Chairman, I tried to follow as best I could the reading of the amendment. It is word for word, as I followed it, with the section to which a point of order was sustained.

The CHAIRMAN. The Chair may say in response to the gentleman that the proposed amendment is entirely different from the section under consideration in that both of the provisos of the original section were eliminated by the amendment offered by the gentleman from Missouri [Mr. CANNON].

If the gentleman has any other statement in support of his contention that the amendment now proposed is legislation on an appropriation bill, the Chair will be glad to hear the gentleman.

Mr. O'HARA. Mr. Chairman, may I point out to the Chair that the amendment just offered by the gentleman from Missouri provides "without reimbursement," which is clearly legislation upon an appropriation bill, and I refer particularly to the last words in the amendment offered by the gentleman from Missouri.

The CHAIRMAN. The gentleman from Minnesota makes a point of order against the amendment and particularly emphasizes that the amendment provides that the appropriation is "without reimbursement" and that "without reimbursement" is not contained in the statute.

The Chair will hear the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. CANNON of Missouri. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CANNON of Missouri: Page 6, after line 17, insert:

"SEC. 202. In addition to the sum appropriated by section 201 of this title, funds not to exceed \$350,000,000 available for disposition or expenditure by the President under the act of March 11, 1941, as amended (22 U. S. C. 411-419), and acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the act of March 28, 1944."

Mr. O'HARA. Mr. Chairman, I make a point of order that this amendment is not in order at the present time, or at this point in the reading of the bill. The amendment should have been offered as an amendment to section 201 and not as an amendment to section 202.

The CHAIRMAN. The language of the amendment is offered in lieu of the language that has been stricken and involves the language that has been stricken. The Chair overrules the point of order.

The question is on the amendment offered by the gentleman from Missouri [Mr. CANNON].

The question was taken; and on a division (demanded by Mr. CANNON of Missouri) there were—ayes 67, noes 99.

Mr. CANNON of Missouri. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. CANNON of Missouri and Mr. O'HARA to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 74, noes 102.

So the amendment was rejected.

Mr. BRADLEY of Michigan. Mr. Chairman, I move to strike out the last word and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BRADLEY of Michigan. Mr. Chairman, in the general debate yesterday we heard many references made to the various methods of selling U. N. R. R. A., and selling the lend-lease program to the world. We have long been cognizant of this famous gang of bright young men that was set up by Judge Lehman for this purpose and supposedly to spread American good will all over the world. Also frequently we find it necessary, apparently, to send out some special good will emissaries directly from this Nation. For example, months ago, when superb General MacArthur cried aloud for reinforcements in men and matériel to carry on the splendid job that he had already begun in pushing the Japs back on their heels, his pleas were answered with a personal visit from the First Lady of the Land, who—if my memory serves me correctly—said publicly that she was making the trip as a special representative of the American Red Cross and entirely at her own expense. I wonder whether it was entirely a purely unofficial visit, made entirely at her own expense.

Perhaps, it was just a coincidence that a military combat plane was used for the trip and that that plane was rebuilt with lavatory facilities, and so forth, for the lady's comfort.

Perhaps, it was just a coincidence that several warships had to be withdrawn from combat to patrol the coast wherever she chose to land.

Perhaps, it was just a coincidence that a whole suite in the various hotels she visited was set aside at Uncle Sam's expense.

Perhaps, it was just a coincidence that certain Red Cross rest areas had to be

rebuilt with special lavatory facilities, and so forth.

Perhaps, it was just a coincidence that the entire counterespionage command in the Southwest Pacific were called in from their various and manifold more important duties and assigned to see to it that the person of the First Lady was not violated verbally, as no other serious danger could have existed under the circumstances.

Perhaps, it was just a coincidence that at each stop she made it was necessary for a whole military combat organization to mount guard, day and night, and run armored patrols over many miles of the adjacent area. While MacArthur was asking for more combat troops.

Perhaps, it was just a coincidence that combat planes were alerted wherever she chose to rest her weary bones.

Yes, perhaps, it was merely a coincidence that all these steps of security had to be taken for one who had no official, governmental duty to perform; but we were told at the time it was merely a good-will gesture in the form of a purely unofficial visit made entirely at her own expense. And may I say in closing that the facts as previously stated cannot be successfully contradicted.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. BRADLEY of Michigan. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. How does the gentleman think that the lady could give us proper political advice and have a larger reading public for her column unless she does travel far and wide?

Mr. BRADLEY of Michigan. Perhaps that is necessary. But it seems to me such a trip with all the security provisions taken, requiring combat units from an all-too-small land, sea, and air force, could hardly be conducive to improving the morale of our combat troops in the Southwest Pacific. What I do wonder is this. For many months Generalissimo Chiang Kai-shek and the valiant Chinese under General Stilwell have likewise been crying for aid in manpower and matériel; and so we have sent them Vice President WALLACE. I assume the person of the Vice President will be as carefully guarded and protected as was that of the First Lady in the Southwest Pacific, but at least here we have a somewhat different basic circumstance in that Vice President WALLACE is a duly elected official of this Government, not an unofficial Government goodwill emissary, making a trip at his own expense.

Mr. WOODRUM of Virginia. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think it would be well to recapitulate as we proceed with this emasculation. Notwithstanding the fact that long ago we established our lend-lease policies and have been supplying goods and materials to our allies and to other nations whose defense is necessary to the defense of the United States of America, today, in adopting the amendment of the gentleman from Illinois [Mr. JOHNSON] we repudiated that policy and said that now, at this

critical hour of the world, when the armies of the Allies are poised for the stroke which we hope will end it all, we will back-track some and provide that only those who are actually in battle may be the recipients of lend lease.

Then we come on to section 202 that we have just acted on. Section 202 provided that \$350,000,000 of lend-lease funds might be transferred to U. N. R. R. A. if and when the joint chiefs of staff certify that it was needed in the operations. We thought we had settled the fundamental policies of U. N. R. R. A. Full hearings were had, and full debate in the House and in the Senate. After the fullest kind of consideration we find the Congress had authorized the expenditure of \$1,350,000,000 on U. N. R. R. A., yet the Committee on Appropriations, thinking that it was being conservative, did not bring in an appropriation for \$1,350,000,000, but only an appropriation for \$450,000,000. Thinking that it was being further conservative it provided that if they needed more than \$450,000,000 they might transfer \$350,000,000 of lend-lease funds to U. N. R. R. A. The amendment was subject to a point of order. The gentleman from Minnesota [Mr. O'HARA] made the point of order and it was stricken out.

The gentleman from Missouri sought to reinsert the language, and that motion to reinsert the fund was voted down by a strict party vote, may I say.

The effect of that is not to save one red copper penny for the Federal Treasury—let us keep the record straight on that—because that \$350,000,000 has already been appropriated for lend-lease. The only effect of it is to cripple U. N. R. R. A., and you leave the bill passing out of the House, if that amendment stands, with only \$450,000,000 for U. N. R. R. A., although we had already said we were willing to go down the line on U. N. R. R. A. to the extent of \$1,350,000,000.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman from Minnesota.

Mr. O'HARA. The gentleman will admit, will he not, that the purpose of lend-lease is one purpose and that of U. N. R. R. A. is another purpose?

Mr. WOODRUM of Virginia. Certainly. So what?

Mr. O'HARA. Then why can we not have these matters come up according to the rules of the House?

Mr. WOODRUM of Virginia. They came up strictly according to the rules of the House. We sought to put every possible precaution around it. We provided that if the military leaders, the Joint Chiefs of Staff, said that U. N. R. R. A. needed more than \$450,000,000 they might draw on lend-lease funds for it. Why? What was the reason for that? Because if U. N. R. R. A. moved in quicker than we had thought they would lend-lease would not be needed to that extent and, therefore, it might be very logical to transfer some of the lend-lease funds. As the matter leaves the House, we have emasculated the bill, and I think that is most unfortunate. I hope both

of those amendments will be corrected before the bill leaves the House.

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the discussion yesterday I tried to get one or two fundamental facts clear. I shall attempt it again this afternoon.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from New York.

Mr. TABER. It is well known and well understood that Mr. Crowley asked the Budget for only \$450,000,000.

Mr. KEEFE. I was going to refer to that.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I shall not yield further at this time. I want to occupy a moment of this time myself without going into a lot of collateral issues.

When the original authorization bill was before the Committee on Foreign Affairs and they reported it to the Congress, I recall very distinctly Mr. Crowley testified that while the authorization of \$1,350,000,000 was provided in the authorization bill it was not expected that the appropriation to be asked for would be more than \$500,000,000. I recall distinctly the question was asked as to who would be the administrator of this fund, and the word was put out to the Congress when the bill was before the House that Mr. Crowley was to administer that fund—very definitely. I recall taking the floor and complimenting whoever was in charge with the foresight displayed in stipulating that Mr. Crowley would be the one to administer this fund.

I have read the hearings here and the testimony given before the committee, and as the distinguished gentleman from New York has indicated, the request of Mr. Crowley for funds was in line with the testimony which he gave before the Committee on Foreign Affairs when the authorization bill was before that committee. Thereafter the Bureau of the Budget approved this additional language providing for the additional \$350,000,000 authorization of transfer of lend-lease funds or materials, to be utilized by the Administrator of U. N. R. R. A. on the part of the United States when and if the Joint Chiefs of Staff should say it was necessary.

The gentleman from Virginia has charged the Congress this afternoon with crippling U. N. R. R. A. The Congress of the United States has given to U. N. R. R. A. the amount of money to spend to which Mr. Crowley testified before the Committee on Foreign Affairs and before the Committee on Appropriations. May I say to the distinguished gentleman from Virginia that this Congress will be in session, and if and when it shall appear to the Joint Chiefs of Staff that additional funds may be necessary or that the situation may arise where it will be necessary to transfer materials from lend-lease to U. N. R. R. A. to be used in the liberated areas, this Congress will be here to see that that is done.

May I call your attention also to the fact, which I tried to bring out yesterday

and as to which the distinguished gentleman from Missouri said I was in error, that in the Army appropriation bill which will come before this House next week there is requested \$562,000,000 for the Army to carry on this relief activity under the direction of the Army in the occupied territories and perhaps for 6 months thereafter. We know and were told yesterday that U. N. R. R. A. will not move in until the Army moves out. While the Army is in, they have the funds to carry on this activity.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. If it shall appear at any time that the \$450,000,000 we are now contributing to U. N. R. R. A. is not sufficient to carry out the job, then I think the Congress of the United States will see to it that it is furnished with the funds at the proper time to do this job. But it seems to me in all fairness to the Congress in connection with this juggling of funds and this transfer of funds and property by which you have three agencies of government, the Army, U. N. R. R. A., and Lend-Lease dealing with the same problem, that we are entitled to know what the results are when the moment arrives when the Chiefs of Staff will say it is time for U. N. R. R. A. to move into the picture.

I do not think the gentleman from Virginia need worry nor need the country worry nor need the United Nations worry but that the United States through its Congress will keep its covenant and will see to it that the funds are ultimately provided to do the part which we have contracted to do.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Michigan.

Mr. RABAUT. There is plenty of need for worry, if the gentleman wants my word for it.

Mr. KEEFE. Does the gentleman want to ask me a question?

Mr. RABAUT. Yes. The gentleman says there is no need for worry. I tell the gentleman there is need for worry.

Mr. KEEFE. If the gentleman wants to ask me a question, I would be glad to have him do so.

Mr. RABAUT. There is need for worry among the needy who are to receive assistance. That is what has happened here this afternoon. Juggling of funds, the very thing the gentleman claims the committee did, has been done in the House, and the gentleman is now praising the activity.

Mr. KEEFE. All I can say is that the distinguished gentleman from Michigan never misses an opportunity to sustain the will of his masters in the New Deal.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. CANNON of Missouri. Mr. Chairman, this is a solemn hour—here and

throughout the world. The Associated Press has announced that American troops have landed in France, and has later withdrawn the announcement. It is a moment for serious thought and self-examination. We are face to face with a crisis in American and world history. It is a matter of regret that at such a time we approach a problem like this, upon which so much depends, both here and abroad, with bickering innuendo about juggled funds and the New Deal. Now, honestly, who in the world wants to juggle funds when over across the seas, within the next few days, events of the gravest import are pending?

I hesitate to mention, even with bated breath, the number of men who are going to be wiped out. Does it not behoove us at such a time to subordinate all personal or party considerations?

This bill was not brought here for any partisan purpose. Everyone knows that. It was brought here solely to further the war effort. It was brought here to insure and accelerate American victory. This item was written in here merely as insurance against emergencies, and in the belief that if we left determination as to time and place to the Joint Chiefs of Staff there could not possibly be any taint of mercenary political advantage. We proposed leaving it to the commanders in the field. Surely no one could object to that. But you have voted it down.

Now, upon whom do you propose to depend? Shall we be governed by the prejudices of men voting as they have voted here today, or shall we depend upon Army chiefs over there in the blood and the dust and the grime, carrying the responsibility of hundreds of thousands of men under their command, with the crushing responsibility of defending the honor and integrity of the Nation at home?

These are the men the committee has designated to handle this matter. You have rejected them. I do not know whom else you could select, in a time like this, when we are confronted by a purely military problem. But by this vote this afternoon you have said you are not willing to trust the Chiefs of Staff, and you say if money is needed, "Why, Congress will still be in session." How long do you think it would take to get money for this or any other purpose if you operated as you have this afternoon? We cannot tell when the hour of need will come. If we are to judge the future by the past, the enemy might cave in within 24 hours. That is a possibility. It has happened before. It happened in the last war. How long would it take our men in the Italian field to get word over here and get a proposition through a House in which every immaterial fact might be expected to be contested, as has been contested here this afternoon? For example, the story that the Foreign Economic Administrator asked for only \$450,000,000 has been denied so repeatedly and so emphatically, and on such authority, that I am astounded that it should be brought up here again. But here it is again—that black is white and white is black. Why should that contention be made when we have had statements from the Administrator himself,

and I am going to put in the RECORD that he asked for a billion dollars. Not that that has anything to do with it, but it is merely one of many instances in which you have continually raised points here based on statements that are denied by the most competent authorities. Why would we seek to leave a false impression on such an immaterial matter as that? And false it is, for here is the letter:

DEAR CONGRESSMAN CANNON: In accordance with our telephone conversation, the following are the facts in connection with the U. N. R. R. A. appropriation request:

1. After a review in consultation with the U. N. R. R. A. organization of the needs of the liberated areas in the light of competing needs and our available supply, the U. N. R. R. A. budget was informally discussed with the Bureau of the Budget and full agreement reached that a request should be made for funds in the amount of \$1,000,000,000.

2. On April 11, 1944, the Foreign Economic Administration made a formal submission to the Bureau of the Budget requesting a \$1,000,000,000 appropriation for U. N. R. R. A., which was to be financed in two ways—\$461,000,000 was requested in a direct appropriation which was thought to be sufficient to cover the cost of procuring articles which were only available seasonally or which took a long period to manufacture; the remaining \$539,000,000 was requested in the form of a transfer authority from supplies and services which could be made available under the Lend-Lease Act on a theory that at the time that U. N. R. R. A. engaged in large-scale operations, lend-lease needs might have declined.

3. On April 15 representatives of F. E. A. informally discussed the proposed appropriations requests with the Deficiency Subcommittee of the Appropriations Committee. In the course of this discussion the F. E. A. representatives agreed to consider the possibility of risking a reduction in the \$1,000,000,000 requested. Following this discussion F. E. A. gave further study to the funds needed and determined that \$800,000,000 was the irreducible minimum necessary if U. N. R. R. A. was to be in position to operate effectively.

4. On May 3 the President submitted an appropriation request of \$800,000,000 for U. N. R. R. A. to the Congress divided between a direct appropriation of \$450,000,000 and a transfer authority of \$350,000,000.

5. In all statements during the House Appropriations Committee hearings, it has been our position that the full \$800,000,000 is the irreducible minimum which is necessary for U. N. R. R. A. if the United States contribution to U. N. R. R. A. is to be used most efficiently and economically.

If there is any further information you wish on this subject, I will be glad to try to furnish it to you.

Sincerely yours,

LEO T. CROWLEY,
Administrator.

This vote is going out to the country. It is going out to our troops over there. It is not going to bring any consolation to our allies in China or on the Continent fighting a deadly enemy desperately at bay. It is not going to help the situation. The bill and the provision you have taken out of the bill say, in effect, that this money cannot be used and will not be used until we have achieved success in the field. We must end the war or we must take new territory before we need or can use this money, and my striking out that provision you say by your vote that you have no confidence in the early success of the American forces at the

front, no confidence that in the near future they will win or that they will take new territory. That is what you are telling the people across the seas. That is the word they will receive over the radio in the next few minutes if they have not had it already.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

And what have you gained by it? For what mess of pottage have you made this incredible sacrifice? Not a thing. The money is still there. It has already been appropriated and can be spent any time for lend-lease purposes, and you haven't held up a cent of it. All you have is the dubious satisfaction of saying you amended the bill by denying the American Chiefs of Staff the right to say when it can be used if it is not used for lend-lease.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CANNON of Missouri. You are preaching defeatism at this time of all times. Never in the history of the country, from Bunker Hill down to Cassino, has there been a time when our Armies and our commanders at the front needed and deserved the loyal, united, wholehearted support of the Congress and the Nation. And at a time like this, men here on the floor, with a leer on their faces, are talking about "juggled funds" of our men and our military authorities at the front and Mrs. Roosevelt and the New Deal, and rot like that.

The material which would be affected by the provision eliminated from the bill will be over there on the ground, on hand and ready for use, when the need arises. If the opportunity comes soon, as we hope it will, the Joint Chiefs of Staff will be in a position where they must say: "We need it now, but we will have to wait for those politicians over there to mill around on the floor of the House and get it to us, and in the meantime precious time must be lost. We have the supplies right here, and we need them, but we cannot use them because our hands are tied by a vote in the House on June 3, 1944."

Neither I nor any member of the committee have any personal interest in this bill. No personal advantage accrues to us if it passes or does not pass. It means nothing more to us than it means to you. It is not a partisan measure. It is a humanitarian measure. It is an American measure. It is a patriotic measure. God help us when we look at it from any other point of view. I sincerely hope that an opportunity will be given to restore the section before the bill goes to the Senate. Of course, the Senate will restore it and the House in conference will agree to it. But in the meantime great injury will have been done with no compensating advantage. Let us legislate for ourselves without depending on the Senate to rectify our errors.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TABER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, this is indeed a solemn hour in American history. You know any time we attempt to appropriate money, regardless of whether or not it is needed, we make the war effort more difficult, and we make the accomplishment of the things we need to do harder. I think that the amendment that was offered by the gentleman from Illinois [Mr. JOHNSON] is unacceptable in the form presented, although offered in the utmost good faith. After reading this carefully, it would go so far as to prevent the Lend-Lease Administration from providing the sinews of war to those nations that were about to enter into the war on our side. Therefore, when that amendment comes up, I shall vote against it. I believe that it should not be adopted. But we must remember that Mr. Crowley asked for \$450,000,000 and not \$800,000,000. The Budget gave him an additional \$350,000,000. We should consider these things carefully and temperately, and we should not, by inuendo or by ill-chosen words, attempt to cast scorn upon any group here in the House that is considering this matter. Every man here, in my opinion, is trying to do his duty as a patriotic American, and I believe that when this thing is done and this day's work is done, there can be no falling down on the part of this Congress or of any part of the American war effort as the result of anything that this Congress will do today. I believe that it is up to us to be on the job and take care of the things that need to be done. If a real relief effort requires more money than \$450,000,000, this Congress will provide it.

We will be here or on call right along through every day all through the year. Nothing is going to fall down. Unless we are very fortunate in our European venture, U. N. R. R. A.'s important effort is not going to begin for 6 months, and they have plenty of money to carry on anything they would have to do. We are going to be back here in the fall, we are going to meet the responsibilities that are ours, and I do not believe that anyone need have any doubt that all of us here are ready to do it with the deepest, the sincerest, and the finest patriotism.

Mr. RABAUT rose.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. RABAUT. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD on the Calvin Johnson amendment that had a vote of 84 and 14 earlier this afternoon; and I want to congratulate those across the aisle who saw fit to have no less a personage than the ranking minority member of the Appropriations Committee, the gentleman from New York [Mr. TABER], retract the action that was taken.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. MARTIN of Massachusetts. Was the gentleman one of the 14?

Mr. RABAUT. I was not one of the 14. I would not lend my vote to it at all. I shall be glad to answer the gen-

tleman. I wanted the ill-advised amendment brought to the very point it was brought to a moment ago.

Mr. MARTIN of Massachusetts. Then the gentleman prefers politics to duty to his country?

Mr. RABAUT. No; I wanted to answer politics with politics.

This Calvin Johnson amendment would deny us an important weapon of war, a weapon in the realm of political and economic warfare whose use so far saved many thousands of soldiers' lives. It would surely weaken a vital fighting arm of the United States and the United Nations. It would reduce the forces which are mobilized behind the fighting fronts. It would wreck the good-neighbor policy, destroy our program of economic warfare, and introduce weakness and confusion in the Middle East, Africa, and other areas where great United States bases are established.

Lend-lease is used with great flexibility to meet the defense needs of the United States. It has been used tellingly in the many and varied situations of the war as the defense interests of the United States have required. While over 95 percent of lend-lease funds have been used for supplies to the Soviet Union, Great Britain, China, and our other fighting allies, a small but important quantity of lend-lease funds have been used for essential military purposes in other areas.

Our lend-lease program in South America was a powerful element in assuring the defense of the United States during the difficult months after Pearl Harbor when German submarines were operating in the Western Hemisphere. They assure us the fullest possible protection for our great South Atlantic transport routes, which are vital arteries of war. They have cemented our relations with the other American republics, and guaranteed their effective aid in meeting the ominous threat of political disorder. The possibility of political disorder in South and Central America was and is a great opportunity for the Germans to interfere with the conduct of the war. They have tried desperately but unsuccessfully to exploit it, thanks in part to the wise expenditure of lend-lease funds for military purposes.

Similarly, in our dealings with crucial areas of Africa and the Middle and Near East, where our interests have been balanced from time to time by a narrow thread, and still require military protection, lend-lease has proved a needed instrument of the defense of the United States. It is still a necessary instrument wherever there are bases in unstable areas behind the front, or wherever we may be forced to engage in economic warfare with the Germans in contested areas of the world. This has proved to be a weapon of war that we have needed and used. We need it today and may need it again tomorrow. It would be a disastrous interference in the conduct of the war to pass such an amendment.

The CHAIRMAN. Without objection, the gentleman from Michigan may have permission to revise and extend his remarks as indicated.

There was no objection.

Mr. O'NEAL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I regret very much to see anything come into the discussion of this bill but the merits of the bill and a thorough understanding of what is the situation.

I do not care who voted for an amendment or did not vote for it; but I do care a great deal, Mr. Chairman, that we carry on in this war in the most practical way according to the best advice we can get from those charged with the responsibility of conducting this war for us. Let us clear one thing up entirely. Mr. Crowley made this statement to the chairman in a letter:

In all statements during the House appropriations hearing, it has been our position that the full \$800,000,000 is the irreducible minimum which is necessary for U. N. R. R. A. if the United States contribution to U. N. R. R. A. is to be used most efficiently and economically.

That, Mr. Chairman, is the advice of Mr. Crowley. It makes no difference what anyone else says about his past attitude.

Mr. Chairman, the question of the division of responsibility in this kind of work comes up: First, the Army takes over territory; then and later, lend-lease steps in; and finally, when the military can move out, U. N. R. R. A. moves in. In this bill, Mr. Chairman, we are asking only the amount reasonably needed in the judgment of those in a position to advise us. This job is not so dissimilar from the job Mr. Hoover did following the last war. For Mr. Hoover we provided \$2,400,000,000 for work of a similar character. You must prepare for a job like this, now, Mr. Chairman. It may be, as the gentleman from New York says, that the House will be in session, but you cannot have \$350,000,000 worth of food just because you are going to vote funds for it; you must make preparations for it. Under this program they will need for the suffering people \$350,000,000 of food, and many more millions for clothing and relief items. These must be provided for in advance. Common business principles dictate, Mr. Chairman, that you must prepare in advance, and this is the reason they are asking for the money now.

Mr. Chairman, even before we go into the actual country of the enemy we may have as many as 74,000,000 people cast upon us and our allies for assistance as to food and clothing. It is certainly possible and very probable in the belief of a great many people in responsible positions that before the main fight actually begins, that Germany will shorten her lines and evacuate occupied countries in Europe such as Greece. We will have to take care of them before we actually get into the countries now known as our declared enemies. We shall probably have a relief and rehabilitation problem of 75,000,000 people before we even start in the countries that are allied with Germany.

You cannot say, "Let us put off today until some other time; let us shut our eyes to the need"; but, the practical, common sense, businesslike approach is to get ready so that when we go in there we can stop starvation, stop disease, stop typhus, such as raged all over Europe

after the last war in the Balkan countries. We can be ready to meet it adequately and immediately. It is no economy to say that Lend-Lease shall not transfer \$350,000,000 of their funds at the appropriate time as a part of the war effort, as a part of the big job to be done after the war is over. We must prepare months in advance in our appropriations. I believe this House makes a great mistake thinking that in some way, or somehow, they are going to do a better job now by stopping the transfer of \$350,000,000 when needed from Lend-Lease to U. N. R. R. A. That is what the amendment tried to make possible. The bill provided that at the proper time when the Chief of Staff said was the time to do so, there might be transferred to U. N. R. R. A. a portion of the money already appropriated to lend-lease. It is not businesslike, it is not sound, and it is not, in my opinion, in the interest of the war effort not to include such a provision in the bill.

Mr. CASE. Mr. Chairman, I rise in opposition to the pro forma amendment.

There are two or three points I think should be mentioned for the record. One is that under the understanding between U. N. R. R. A. and the Army, the Army expects to handle these areas as they come in, for a period, averaging, we have been told, 6 months. I do not think it is out of order at this time to say that not only was that picture presented in the hearings on this bill, but was also in hearings just completed by the Appropriations subcommittee for the War Department. The War Department bill will probably come before the House next week and in it you will find funds for the Army to take care of its responsibilities in that field, and that the estimates are based upon a 6 months' administration of relief by the Army before U. N. R. R. A. comes in.

Mr. O'NEAL. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield.

Mr. O'NEAL. I do not believe the gentleman's statement is correct. Unless there is some military problem the Army has no idea of holding a country where there is no military danger but will give it over to U. N. R. R. A. immediately. That is the testimony before our committee.

Mr. CASE. It is hard to imagine any country given up or taken from the enemy in which there will not be a military problem nor where troops will not be required for a time. Since the question properly arises here I think it is violating no confidence to say that testimony was given the Subcommittee on Appropriations for the War Department on that point. It was indicated to us that the general policy, on the order of General Eisenhower, would be that the military retain control of occupied territory; that is, territory that we occupy, until all danger in civilian administration had passed. In Sicily and in Italy, as has been pointed out, we have been there already more than 6 months. My point is merely that the funds appropriated directly to U. N. R. R. A. will enable it to carry on quite nicely since, as a general rule, the military forces will handle the relief problem for several

months. The action taken here today is neither fatal nor final.

Let me say also for the RECORD that I hope there will be no misinterpretation of the action taken here this afternoon. If there is, it will be due to inaccurate statements rather than to the action actually taken. Personally, I did not go through the tellers on the Johnson amendment; I did not vote against the amendment offered by the gentleman from Missouri [Mr. CANNON], so I speak in good faith when I say that the action of those who voted otherwise should not be misconstrued.

With respect to the statement that the House voted against giving confidence to the Joint Chiefs of Staff, the RECORD should show that when the amendment offered by the gentleman from Missouri was before us for a vote the proviso relating to the Joint Chiefs of Staff was not in the amendment. That language was in the paragraph that went out on the point of order. So the vote on the \$350,000,000 lend-lease transfer should not be interpreted as any lack of confidence in the Joint Chiefs of Staff, and I do not believe the record should stand as indicating that any lack of confidence was voiced or intended. It could not have been, because there was nothing in the amendment voted upon that referred to them. I did not vote against the amendment, but I do not think that those who did should be accused of lacking confidence in our military leaders. That simply was not in the amendment actually voted upon.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CASE. I yield.

Miss SUMNER of Illinois. May I remind the gentleman that in other countries that have already been taken over, including Sicily, north Africa, and Italy, that long before the 6 months was up the Army turned it over to the Red Cross for them.

Mr. CASE. I am glad that the Army has been able to turn to the Red Cross for aid in certain places, although, of course, retaining the responsibility in all areas of military occupation.

Miss SUMNER of Illinois. I may say that I myself found that out from the Red Cross.

Mr. CASE. Mr. Chairman, I yield back the balance of my time.

Mr. CANNON of Missouri. Mr. Chairman, in view of the misapprehension under which some Members of the House seem to be laboring, I desire to call attention to an authoritative statement issued jointly by the War Department, the State Department, and the Foreign Economic Administration, on this subject. The opinion of those best informed on the subject and most entitled to credence by the Congress and the American people is as follows:

JOINT STATEMENT OF WAR DEPARTMENT, STATE DEPARTMENT, AND THE FOREIGN ECONOMIC ADMINISTRATION TO THE HOUSE APPROPRIATIONS COMMITTEE

The exact pattern of the operations which will follow the establishment of the second front in Europe is impossible to foretell. Whatever the eventualities, preparation must

be made as a matter of military or political necessity, as the case may be, to meet the essential needs of the civilian populations liberated from German control.

Because of the speculative character of military operations, it is not possible at the present time to present to the committee a precise program of the civilian requirements for the various countries in Europe. However, an indication can be given to the committee as to the outlines of the possible needs, to the nature of the several situations which may arise during the initial period, and to the mechanisms which will be available to meet those situations.

Insofar as the armies of the United States participate directly in military engagements, the War Department will provide as an integral part of its supply program this country's share of such supplies as are needed to maintain the civilian populations. The dictates of military necessity and the requirements of international law place upon invading armies the responsibility for the security of civilian populations which fall within their control. In conducting their military operations the armies must take such measures as are necessary to avoid disease, unrest, and interference with supply lines. The War Department is, therefore, including in its appropriation a request for funds to make available essential civilian supplies to the populations in areas which will most probably be affected by our own military operations. Since to a large extent these areas will be the scene of combined operations, the War Department's request for funds covers only the estimated United States share of the responsibility.

If the opening of the second front precipitates the collapse of Axis resistance, the armies may be able to turn over the control of large sections of Europe to the indigenous governments. In such event the United Nations Relief and Rehabilitation Administration in cooperation with those governments or in certain appropriate cases those governments alone should be able to shoulder the burden of civilian supply.

On the other hand, the Germans may withdraw from certain parts of Europe but continue fighting elsewhere. Military control may be necessary initially and it will not be possible in practice for the United Nations Relief and Rehabilitation Administration to assume responsibility at the beginning, although it may be called upon at the outset by the military to assist in certain supply activities where the use of its trained personnel is advantageous. Furthermore, in certain areas the necessary military control authorities may not include any substantial body of United States troops. Where these conditions prevail, it is proposed to procure essential civilian supplies for such areas out of funds appropriated to the F. E. A. for lend-lease purposes. Under these conditions and upon the request of the War Department, these supplies will be turned over to the War Department which will assume the responsibility of shipment, and the goods will be distributed under the direction of a responsible Allied military authority. It is not now possible to determine the precise areas in which it may prove necessary to use lend-lease funds in this manner to maintain the civilian economy at a minimum level for that presumably brief period in which military control will be necessary. Therefore, no amount has been budgeted for this purpose. Accordingly, this situation represents a contingent requirement for lend-lease funds.

The interested agencies have given careful study to the various situations under which it may be necessary to make civilian supplies available in Europe during the military period. Arrangements similar to those outlined are being developed for the Far East.

Mr. REED of New York. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, there is a great deal of confusion in this great legislative body, the greatest legislative body in the world—and I am not surprised—on the question whether the Appropriations Committee has the facts upon which to legislate; but I think they probably have done as well as could be expected under the circumstances. I have some interesting information that may throw some light on the uncertainty as to what should or should not be in the appropriation bill. The record shows that Viscount Cranborne, Lord Privy Seal of England, representing the Inter-Allied Committee on Post-war Requirements, announced in the House of Lords that the United States Government has already requested from all Allied Governments and governments in exile estimates of their food, clothing, and housing needs for the first 18 months after the war was over, along with supplementary lists of raw materials, machinery, and industrial goods which all of these various countries of the world will need. Taylor, author of *Men in Motion*, is worth reading on this point. That is an astounding statement, but after it was made the Archbishop of York protested the omission of certain countries of the world in the report. Lord Cranborne corrected this promptly and said, "Russia, China, Burma, Malaya, and the Netherlands East Indies will state their needs."

Now, these things are coming in from all over the world, from all sources, and certainly the Appropriations Committee does not know what the requirements are, the Army does not know what the requirements are, and this Congress does not know what the requirements are or what they are going to be. There are a hundred nations in this world. When they learn that the United States of America is willing to furnish them the food, the clothing, the housing, the machinery, and everything else they require or will ever require, how on earth are you going to meet this situation with any appropriations you make here for U. N. R. R. A. or for anything else?

There is not enough wealth in the United States to even begin to do these things and the most dangerous thing in the world is to hold out to the nations of the world these promises which we know cannot be fulfilled. By and by, as a result, we are going to be just about the most heartily hated people in the world just because we will not give all that we promised to give.

Mr. Chairman, the record here on this floor should be pretty carefully made here today that we are only going to do what we know we can do and still feed our own people and pay our colossal debt of \$300,000,000,000.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that debate on this title and all amendments thereto close in 25 minutes, the last 5 minutes to be reserved to the chairman of the Appropriations Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. RAYBURN. Mr. Chairman, reserving the right, and I shall not object, this morning a resolution was passed that we would receive in the House in recess a 98-year-old man. He is around here now and, frankly, I do not want to let him sit here until 6 o'clock. Personally I think it might be a good idea to bring someone like that in here to kind of break the tension a little. We may gain time by it.

Mr. CANNON of Missouri. Mr. Chairman, I withdraw the unanimous-consent request. I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker, having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4937) making appropriations for defense aid (lend-lease) for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, had come to no resolution thereon.

Mr. CANNON of Missouri. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CANNON of Missouri. I wonder if the Chair can recognize me after an interval of 10 or 15 minutes to move that the House resolve itself into the Committee of the Whole in order to complete consideration of the pending bill tonight?

The SPEAKER. The Chair, within a comparatively short time, will recognize the gentleman for that purpose.

COMMITTEE TO ESCORT GEN. JULIUS FRANKLIN HOWELL, FORMER COMMANDER IN CHIEF OF THE CONFEDERATE VETERANS, INTO THE CHAMBER

The SPEAKER. The Chair appoints as a committee to escort our distinguished guest into the Chamber the gentleman from Massachusetts [Mr. McCORMACK], the gentleman from Massachusetts [Mr. MARTIN], and the gentleman from Mississippi [Mr. RANKIN].

RECESS

The SPEAKER. The House stands in recess subject to the call of the Chair.

At 4 o'clock and 19 minutes p. m. the House stood in recess subject to the call of the Chair.

During the recess the following occurred:

At 4 o'clock and 21 minutes p. m., the Assistant Doorkeeper, Mr. Shuffle, announced Gen. Julius Franklin Howell, former commander in chief of the Confederate Veterans, and his party.

General Howell was escorted by the committee to the rostrum.

The SPEAKER. Our guest will be presented by the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, if we needed any evidence at all that we are a

united country, we had it here today, when the House of Representatives by a unanimous vote invited our distinguished guest, the acting commander of the United Confederate Veterans, to appear on this platform and address the Members of this branch of the Congress of the United States.

I have the honor of presenting to you one of the youngest men in uniform today. He has barely reached the immature age of 98.

He went through 4 years of the most terrible conflict this Nation has ever seen, and has put in the last 79 years rebuilding the peace, sustaining American enterprises and promoting American institutions.

It is my honor, and my privilege, to present to you Gen. Julius F. Howell, acting commander in chief of the United Confederate Veterans. General Howell.

General HOWELL. My friends, you have no idea how deeply I regard the honor you have paid me.

If my friend, JOHN W. FLANNAGAN, of the Ninth Virginia District is present, and whether he is or not he will hear about it, I want to say that when I get home and happen to meet him he will find that I am looking for a new hat that is big enough to fit my swelled head, brought on by this very high honor.

There are a number of you whom I have met before, and I am very much delighted to meet you again today. I happen to be here by invitation of the Sons of the Confederate Veterans, and of the Daughters, especially, in commemoration of the one hundred and thirty-sixth anniversary of the birth of Jefferson Davis, our great President—hero I call him—of the Southern Confederacy.

Some of you may ask: "Well, what can you say about President Davis personally?"

You will be surprised when I tell you that I served 3 years, lacking 2 or 3 months, under Gen. Robert E. Lee, but having been of small rank—I did not get higher than corporal, and I was only 18 years old when the war closed—I never had the pleasure of seeing Mr. Davis, although I was stationed for several months toward the close of the war within 2 or 3 miles of Richmond, helping to guard or protect that city against possible invasion by the Federal cavalry. I went into Richmond several times and passed right by where Mr. Davis lived, the house he occupied at the time. But I never saw him, although I heard a great deal about him. Since then I have read a great deal about him, and because of his sufferings, I have grieved for him.

We often hear it said: How is it that our southern people did not show more honor to the memory of Mr. Davis until several years after he had passed away? I do not know why they did not do it. Our southern people did not begin to honor him until some time after the Federal side began to honor their soldiers, the boys in blue. It was not until then that they began to honor the boys in gray, but for 50 years and more now they have been honoring us and we certainly do appreciate that honor.

In representing our great United States, you have a great responsibility

resting upon you. I read about you as much as I can. I take my little daily paper, and I see what you are trying to do. This applies to both Houses of Congress.

I am proud of you. I know you have faults. You are blamed for a lot of things, but I hold to this: I have grown old, 98 years past, and I believe this, that when a man strives to be honest and looks to the Higher Power for guidance, praying that the Holy Spirit may direct him in what he is doing, in whatever his occupation, he is apt to be right, and whether we agree with him or not, it is his privilege in this great, free country of ours to think what he pleases, to speak what he pleases, provided he obeys the laws of our country.

I am aware that the past week has been spent by you Members of Congress in practically, I should say, hard work. I am sure you have been doing hard work. You are tired and you want to rest. You do not want too much speaking this afternoon and I shall not keep you very long, because there is nothing that disgusts me more than for a man to get up and make a speech and go considerably over his time. I will try not to do that. In fact, I have got to this point: Sometimes I am called upon to make a speech, and when I rise, my wife sits up here and when she thinks I have talked long enough, she takes my coat tail and jerks it a little bit. Thus a man of my age, with a comparatively young wife, is blessed, indeed. [Laughter and applause.]

Pardon me for apparent egotism, because I do not mean it, and if I did mean it, at my age, I could say, well, it is on account of my age. [Laughter.]

I must have been a pretty good husband. My first wife and I lived together 63 years. We raised a considerable family. One of my boys was in the Spanish-American war, a colonel in the United States Army. He has died since, poor fellow. Some of my boys today are fighting to help preserve our liberty. Two of them are stationed presently in this city. One of them is in Italy. Another is in New Guinea. New Guinea is away over yonder somewhere, I hardly know where it is, but it is somewhere in the Pacific Ocean.

My friends, the responsibility that rests upon us as American people, especially upon you Representatives of our various sections, is serious to think about. Many of you no doubt have sons and grandsons, probably, in the United States Army assisting our allies to subdue, to repel, to vanquish, and to conquer, because we cannot stand for anything else.

Mr. Speaker, as an old man, every day in my humble prayer I rest my hand on my heart to the Father. I pray for you and for the President of the United States. We do not all agree with President Roosevelt. I met the President some time ago. I called on him and I told him, "Mr. President, I voted for you, and I voted for all Democratic candidates for President since 1868 except one, Mr. President, and I will not call his name." I said, "I could not vote for him although my Democratic friends

put him up." Mr. Roosevelt laid back in his chair and gave a hearty laugh and changed the subject. [Laughter.]

I think it was Teddy Roosevelt, or his father, who married a Georgia girl by the name of Carow, and thus united the North and the South away back in those days.

When the war closed, or just before General Lee's surrender, I was captured near Saleas Creek. I was under the command of General Ewell. He was one of General Lee's lieutenants. I was captured, taken to Point Lookout, close by, stayed there 2 months, and was discharged, and got home safely over in Nansamond County, Va., not far from Suffolk, and ever since I have tried to behave myself and be a good boy and loyal, especially to these great United States.

My friends, whatever religion we profess, the religion of the Lord Jesus Christ, and if we have Jewish friends who believe in the Great Father, or if we have friends that do not believe in anything except their own notion about things, divinity or religion or whatever it may be, we thank God that in this great country we can believe as we please, just so we obey the laws of our land.

I have often thought this, when we fought so hard for 4 years, as many of our boys did, honorably—and many of us have not given up the idea yet—and my friend RANKIN is one of those fellows from my neighboring State in Mississippi.

When that war was going on our praying men, like Gen. Robert E. Lee, prayed to the Father, to God, "If it is Thy will, make our cause a success. Let us depart in peace. Let this war stop."

Gen. Stonewall Jackson prayed every day along the same line. On the other side we know there were a great many deeply pious, religious men, who prayed to God, "O, God, do not let this Union of ours be severed. We are a great people and we all worship Thee. Why should we be beset with it? Why should we not remain a great nation?" The Father in heaven—and not to be sacrilegious, my friends—put His great loving hand on the heads of Robert E. Lee and Stonewall Jackson and others who represented us and said, "My children, I appreciate fully your desires. I appreciate the fact that you wish what you think is best, for freedom in this country, but it is not best that you should succeed. It is not best to have this great country of ours severed into two parts." No doubt it would have been severed into more parts afterward. "It is not best for you."

At that time, my friends, nobody could foresee the First World War, and especially such a war as we have on our hands now.

God bless them. We stand as one great united Nation, no longer in blue and gray, except in sentiment. We love to look back at the glories that both sides achieved. I met the granddaughter of Gen. Ulysses Grant today. I went up and shook her hand. I told her that the boys in gray remembered the comparative leniency of her grandfather at Appomattox. Although I was not there, I read a great deal about it. I had friends there.

Mr. Speaker, I thank you so much for this privilege and for this honor. I will long remember it. My descendants will say with pride that the House of Representatives of the United States invited one of their ancestors to appear before them and make a little talk. I say this with all humility, but with all pleasure, with pride, and with pride in you, my friends. God bless you and guide you in your deliberations. Keep in mind that God in heaven rules the world. Poor humanity is a small thing indeed when compared to the great spiritual power that rules the world.

I thank you.

[Prolonged applause, the Members rising.]

AFTER THE RECESS

The recess having expired (at 4 o'clock and 38 minutes p. m.) the House was called to order by the Speaker.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess of the House may be printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

DEFENSE AID, U. N. R. A., AND FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION ACT, 1945

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 4937) making appropriations for defense aid—lend-lease—for participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4937, with Mr. WHITTINGTON in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this title and all amendments thereto close in 10 minutes.

Mr. DIRKSEN. I object, Mr. Chairman.

Mr. CANNON of Missouri. Mr. Chairman, I move that all debate on this title and all amendments thereto close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. CALVIN D. JOHNSON].

Mr. CALVIN D. JOHNSON. Mr. Chairman, the statement was made a moment ago by the gentleman from Missouri [Mr. CANNON] that this is a solemn hour. To many of us who have gold stars in our windows this has been a solemn hour for quite some time.

America is great, not because of its mighty mountains, its beautiful rivers, or humming industries. It is great because it does not matter in this great, free land of ours whether a man is a

merchant, prince, or a laborer, his hopes and ambitions for his children and his country are the same. The goal in life which we set for ourselves and failed to attain because of lack of opportunity or lack of education, we want to see attained by our children, and there is no sacrifice too great for a father or mother in America to make in their efforts to extend to their children the educational and other advantages which in so many instances they themselves were denied.

I am grateful for the traditions and history of this Nation of ours. I am proud that it has been the home of my ancestors since 1635, when they first landed in Virginia.

At the beginning of this war I had three sons who were attending colleges in Illinois. I did not have an opportunity as a youth to attend college, and, feeling deeply the limitations, whether imaginary or not, that had been placed against me because of my inability to attend university, I saw to it that those three sons of mine were afforded the opportunity that I was denied. When war came, along with thousands of other American youths, they entered the service of their Nation. One of my boys, Lt. John Bernerd Johnson, was killed on the 29th of July, just about a year ago. Another has been given a physical disability discharge from the United States engineers, suffering with a back injury that will leave him partially crippled for life. The third has served in the Air Corps for 20 months, 8 of which was with the Eighth Air Force in England.

I agree that this hour is solemn. It is indeed solemn for many American dads and mothers who have met baggage cars bringing home the flag-draped casket that contains the remains of their sons, and for those dads and mothers whose sons sleep until eternity beneath a whited cross upon a foreign battlefield. We are the ones who think about the past. You men who are assembled here discuss the things that are happening today, but, remember, we must also meditate upon our Nation's future and determine what opportunities America will hold for those youngsters when they return home.

What conditions will they find when they return from the wars? Will they find a Nation that is prostrate with debt? Will they find our country in such a bankrupt condition that it will require the dedication of their lives and the lives of their children to restore our Nation to solvency? Will they find a Nation in which opportunity no longer exists? Will they find a country that has pledged its resources to help every nation in the world and forgot to preserve opportunity for its own returning veterans?

I have offered this amendment in all sincerity. It is very apparent that it is going to be voted down. With me, it is a matter of principle and is motivated by my love for a nation that my people have called home for three centuries. I offered this amendment because I realize that if we do not stop wasting the substance that has been accumulated through 300 years of sweat, toil, and blood, and is now being scattered to the four winds of heaven, your sons and mine, when they return to America will

find themselves shouldered with a burden of debt impossible to carry and history has proven that dictatorships are nothing more nor less than receiver-ships.

I make no implications toward any man in Congress because of his opinion or because of his political ideas. I merely ask that we think of the future of this Nation of ours and try to preserve for our sons some semblance of the type of government we received from our fathers. When this mantle of authority is shifted from our shoulders to theirs, let us endeavor to pass on to them the type of government that affords opportunity, but we must improve our ways if we are to do that.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, I am sure the discussion we had this afternoon with reference to the possible emasculation of the bill that is before us, was precipitated in all good faith by my good friend from Virginia. I can only make this comment, however, that if this country is saved, if a good job is done, it is going to be done in this body and largely it is going to be done upon this floor.

Every person who is a representative of the people exercises his prerogative here to advance the best ideas of which he is capable in the interest of the national welfare and our common land. Now, is it so bad for one to raise his voice in the interest of a little economy? Have astronomical sums finally dulled out perceptibilities to the point where we should quiescently ratify the sums proposed here without close scrutiny?

You will note from the record on this bill that already we have expended more than twenty-four thousand million on lend-lease. We have committed enough more to make it fifty thousand million. So I think it is in good grace and it is timely when we seriously consider the question of expending another \$350,000,000, which was voted down by the committee this afternoon.

I disagree with my friend from Kentucky as to whether or not this \$350,000,000 commitment under certification by the Joint Chiefs of Staff would make it possible to make long-range preparation. That is not the language of the bill at all, as I read it. It states that the authority to expend and to use the \$350,000,000 of lease-lend funds for U. N. R. A. will come into being only after it has been certified by the Joint Chiefs of Staff. Any time they certify to this Congress that they need that \$350,000,000 we can give it to them as quickly as we can this afternoon. If it is to come on in the form of a direct appropriation, then this bill will carry not \$450,000,000 for relief and rehabilitation but \$800,000,000. Taking into account the language of the bill now before us, the authority is not effective until the Chiefs of Staff properly certify its need and not before. In consequence of that, it must be abundantly clear so far as the \$350,000,000 is concerned that not a pound of food-stuffs can be bought, not a pair of shoes can be contracted for, if I read that language correctly, until it has been certi-

fied by the Joint Chiefs of Staff and the determination made by the Administrator of the Foreign Economic Administration.

I am willing to stand immediate correction if that is an incorrect statement of what is here proposed.

If, however, the interpretation is correct, the matter is not so urgent or momentous as has been represented and can be cured easily enough when the need arises by additional appropriations.

So if there is faint heart and some faltering about this thing, I think you can have comfort in the fact that that money could not be committed, it could not be pledged, no preparation could be made under it, and they can come back here almost any time.

It may also be that \$450,000,000 is enough. Now, with that thought, just remember that all these things are rather tenuous estimates upon which these commitments have been built. Will it take a million pairs of shoes? I do not know. There is nobody at the other end who knows. Will it take 100,000 cases of canned milk? I do not know and they do not know. The officials have presented to the Committee on Appropriations their best estimates projected on the basis of contingent expenses, transportation and packaging costs, and the cost of procuring these commodities in the market. They extend the total, draw the line, employ arithmetic, and come to a total that is then transmitted to the Congress. The best you can say about all this is that they do not know very precisely and we do not know either. Thus we accept it in high good faith. It may be that \$450,000,000 will be enough. If not, additional funds can be provided. This operation is new. Perhaps better estimates will be available later and a better job can then be done in determining actual needs. Just a word of caution: When you stop to consider that last week action in another body was taken upon a proposal to raise the prospective debt of this country to \$262,000,000,000, let us be cautious, let us exercise our true responsibility and obligation to the people back home, and let us evaluate every dollar that is expended by virtue of action on this floor and give the humble people a break.

With respect to the Johnson amendment, let me observe that my good friend from Illinois was doing what he thought was right. His amendment was offered in good faith. One of his sons was broken upon the altar of war and will never come back. How many of us will be able to match that sacrifice? No, I take off my hat to the gentleman from Illinois. I think what he did was inspired by the noblest motives and the purest of purposes and from a desire to serve the cause for our common country. Whether the amendment was good or bad I do not pretend to say at this moment, but at least we do accept in the highest good faith the proposal that he made, because out of the richness of his own heart and out of the sacrifices which he has made, he was doing what he thought was a service to his country.

Certainly the thought which he expressed therein was not wholly without merit. There are many who feel that the sacrifices of men, money, supplies, and dislocations which we are called upon to make in the cause of freedom should be matched in equal degree by others who are the beneficiaries of our aid and who will in even larger measure be the beneficiaries of the victory and the freedom which will be achieved through the efforts of this Nation.

I commend my colleague for his zeal and suggest that the proposal which he offered be given some study. It will not be selfish on our part to hope that there be a parity of sacrifice by all nations engaged in the present conflict.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. LAMBERTSON].

Mr. LAMBERTSON. Mr. Chairman, I just want to make one observation and emphasize the thing that the gentleman from New York [Mr. TABER] has emphasized so many times before our committee and on the floor, but which I want to reemphasize. Every unnecessary dollar that we appropriate is impeding the war effort. We have to uphold the morale that is talked about here, in the face of this war debt and this lending. Every unnecessary million dollars or \$100,000,000 that we appropriate that is not necessary and not having to do directly with the war effort, is impeding the war effort. That is what I want to emphasize. I want to call your attention to last Thursday evening when an authorization was made for the first time for an agency that had no connection with the war effort. It is asking for \$100,000,000 for next year. There was not a man or woman in the House who said a word for it; not a man or woman said a word against it. It just went through. Are we getting so callous that we do not care about \$100,000,000 so that not even one person will raise his voice for or against it in this House? I am dedicating myself to economy. The unnecessary spending of money before it is needed and before it is necessary to spend it interferes with and impedes the war effort.

Mr. DWORSHAK. Mr. Chairman, will the gentleman yield?

Mr. LAMBERTSON. I yield.

Mr. DWORSHAK. Does the gentleman recognize the fact that we have already spent as much money on the lend-lease as our total national indebtedness following the First World War?

Mr. LAMBERTSON. That is true. I want to state further that nobody has voted against any appropriation for the Army and Navy which the leaders of our military forces asked for. But this is a little different. We have people here who are still thinking of new ways to spend millions of dollars. We have got to begin to hold down unnecessary spending and respond to the morale at home.

All pro forma amendments were withdrawn.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 301. Those general provisions in the National War Agency Appropriation Act, 1945,

applicable to the constituent agencies of the Office for Emergency Management, and those general provisions in such act generally applicable to all agencies in such act, are hereby made applicable to the same extent, except as otherwise provided, to the appropriations in this title.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it should be emphasized, as various Members have, that the action of the Committee of the Whole today in connection with the \$350,000,000 is in no way hostile to U. N. R. R. A. or to its purposes. Various Members have stated that. While I would like to have seen the \$350,000,000 remain in the bill, we are practical enough to realize there are times in the considerations of the House and the committee when honest misunderstanding arises. Sometimes that honest misunderstanding produces an honest confusion which bring about a result which some people might in turn honestly misunderstand. I am very glad to hear the statement made by the various Members, particularly on the Republican side of the House, that there is to be no construction placed upon the action today indicating an unwillingness or a hostility against taking future action which would enable the Government to carry out its proper maximum contribution to this great humane effort. I felt that authority for the transfer of the \$350,000,000 should remain in the bill, because of the necessity of long-range planning and in the event of a sudden collapse of the Nazis. No one can foresee a sudden collapse, I will agree; but on the other hand, we all hope and pray that a sudden collapse of Nazi Germany will take place. I assume the authority to transfer these funds was placed in the bill with that in mind, in order to avoid the sudden purchases, the desperate purchases, which might tend to have a disturbing if not chaotic effect upon our productive capacity in connection with those things that will be needed when U. N. R. R. A. has to move in, which might be unexpected. On the other hand, this matter will be considered in the other body and I am sure that between now and that time we shall be able to look into the matter more thoroughly, and if the other body returns the item in whole, in part, or in some other form and it comes back to the House, with a manifestation here of no hostility, that the House will take that action which in its sound judgment it has always taken in connection with war matters.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes; gladly.

Mr. MARTIN of Massachusetts. I want to assure the gentleman that we—I believe I can speak for practically all of the membership on this side of the aisle—want to see that U. N. R. R. A. has its fair chance; we want to be sure that our country lives up to any obligation it may have undertaken.

I am quite sure if this matter has a hearing in the other body that when it comes back here we shall be very glad indeed to give any proposal the Senate may place in it, open consideration, and act in a judicial capacity.

Mr. McCORMACK. I appreciate very much the contribution of the gentleman, and coming from the distinguished leader of the Republican Party particularly. As the leader of my own party, I am making these few remarks, and I appreciate the fact that my distinguished friend from Massachusetts interpreted and understood my state of mind, and he speaks as the leader of his party.

Mrs. NORTON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mrs. NORTON. In view of the love feast that is going on at the present time, would it not be possible to put this language back in the bill before it goes to the other body?

Mr. McCORMACK. That, of course, is impossible. The only parliamentary procedure by which it could be done would be by way of a motion to recommit, and the person making that motion would have to announce that he was opposed to the bill in order to be recognized for the purpose. It is not, therefore, a question of having an amendment adopted in the Committee of the Whole, for the point of order struck out the section. The gentleman from Missouri offered the amendment, and the amendment was not adopted. Thus, if I understand the parliamentary situation correctly, the only way to restore it would be a motion to recommit with instructions to report the bill back forthwith with the amendment that the gentleman from Missouri offered.

Mr. WOODRUM of Virginia. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUM of Virginia. I am glad to have the assurance of the distinguished gentlemen from Massachusetts, our majority leader, as well as the minority leader. I believe all of us now realize it was a mistake to cut this section out of the bill. I should like to call the gentleman's attention to the fact that it was demonstrated just a few days ago that the House can do almost anything it wishes by unanimous consent and I feel sure that unanimous consent asked by the two distinguished gentlemen from Massachusetts would put it back in the bill without going to the Senate.

Mr. MASON. I am not so sure.

Mr. McCORMACK. What the gentleman says is correct. But I can assure the gentleman to submit such a unanimous consent request at this time would probably not produce the results the gentleman suggests.

I wish to make one more observation. No one on this floor has a deeper feeling of sympathy for our distinguished friend the gentleman from Illinois [Mr. JOHNSON] than I. We all feel kindly for him and for Mrs. JOHNSON in their great sorrow and bereavement. I know he had the highest motives in offering his

amendment. I hesitate at any time to impugn the motives of any person, although I may sharply disagree with their judgment or objective. The longer I live the more tolerant I find myself becoming.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Discussing the merits of his amendment, however, I think it would be unwise to adopt the amendment. Without going into detail about it, without going into argumentation, I hope that when we get back in the House that the House in its good wisdom and sound judgment will defeat the amendment.

Mr. MASON. Mr. Chairman, will the gentleman yield at that point?

Mr. McCORMACK. I yield.

Mr. MASON. Would the gentleman also agree that a motion honestly and earnestly offered, as the gentleman from Illinois [Mr. JOHNSON] offered that, should not be called absurd?

Mr. McCORMACK. Please, do not inject bitterness. I was making these remarks for the RECORD so that at the end of this debate there would be no misunderstanding outside of this Chamber by anyone as to the state of mind of Members of this House in connection with the \$350,000,000 item. The gentleman from Massachusetts, the distinguished majority leader, has fortified in his own effective manner the impression which I knew the House had, and which I was trying to convey to the world at large, that that in no way constitutes an act of hostility on the part of this body toward U. N. R. R. A. and toward considering the question in a calmer light when it comes back if the other body should restore to the bill the provision stricken out or any portion thereof.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

The Clerk concluded the reading of the bill.

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that section 202 be restored to the bill.

Mr. LAMBERTSON. Mr. Chairman, I object.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WHITTINGTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, directed him to report the same back to the House with sundry amendments adopted in the Committee of the Whole with the recommendation that the amendments be

agreed to and that the bill as amended do pass.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. CANNON of Missouri. Mr. Speaker, I ask for a separate vote on the Calvin Johnson amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them engross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment upon which a separate vote is demanded.

The Clerk read as follows:

Page 5, line 5, after the numerals 1945, add a new section: "No portion of the funds hereby appropriated or materials purchased therewith shall be made available to any nation whose troops have not been engaged by actual battle participation in the present war."

The SPEAKER. The question is on agreeing to the amendment.

Mr. CANNON of Missouri. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The Clerk called the roll; and there were—yeas 41, nays 264, not voting 123, as follows:

[Roll No. 74]

YEAS—41

Arnold	Griffiths	O'Konski
Bishop	Hoffman	Phillips
Bradley, Mich.	Horan	Reed, N. Y.
Brehm	Johnson,	Robison, Ky.
Brown, Ohio	Anton J.	Schwabe
Carrier	Johnson,	Scrivner
Carson, Ohio	Calvin D.	Shafer
Clevenger	Johnson, Ward	Smith, Ohio
Cole, Mo.	Jones	Stockman
Crawford	Knutson	Sumner, Ill.
Day	Lambertson	Vursell
Dworshak	Mason	Winter
Ellis	Miller, Mo.	Woodruff, Mich.
Elmer	Miller, Pa.	
Gathings	Norman	

NAYS—264

Abernethy	Church	Gillespie
Allen, Ill.	Clark	Gillette
Allen, La.	Clason	Gillie
Andersen,	Cochran	Gordon
H. Carl	Coffee	Gore
Anderson, Calif.	Cole, N. Y.	Gorski
Andresen,	Colmer	Graham
August H.	Cooley	Grant, Ala.
Andrews, Ala.	Cooper	Gregory
Andrews, N. Y.	Costello	Gross
Angell	Courtney	Gwynne
Arends	Cravens	Hagen
Auchincloss	Crosser	Hale
Baldwin, N. Y.	Cunningham	Hancock
Barrett	Curtis	Harris, Ark.
Barry	D'Alesandro	Hart
Bates, Ky.	Davis	Hays
Bates, Mass.	Dilweg	Hendricks
Beckworth	Dingell	Herter
Bender	Dirksen	Hill
Bennett, Mich.	Dondero	Hinshaw
Bennett, Mo.	Doughton	Hobbs
Bland	Durham	Hoch
Bloom	Eaton	Hoeven
Bonner	Eberharter	Holfield
Boykin	Elliott	Holmes, Mass.
Bradley, Pa.	Ellison, Md.	Holmes, Wash.
Brooks	Engel, Mich.	Howell
Brown, Ga.	Engle, Calif.	Hull
Brumbaugh	Feighan	Jackson
Bryson	Fellows	Jarman
Buffett	Fenton	Jeffrey
Bulwinkle	Fish	Jenkins
Burgin	Fisher	Jensen
Busbey	Fitzpatrick	Johnson,
Butler	Fogarty	J. Leroy
Camp	Folger	Johnson,
Canfield	Forand	Luther A.
Cannon, Fla.	Ford	Johnson, Okla.
Cannon, Mo.	Gale	Jonkman
Carlson, Kans.	Gamble	Kean
Case	Gavin	Kearney
Chenoweth	Gearhart	Kee
Chipherfield	Gifford	Keefe

Kefauver	Murray, Wis.	Smith, Maine
Kelley	Myers	Smith, Wis.
Kilday	Norrell	Snyder
Kinzer	Norton	Somers, N. Y.
Kleberg	O'Brien, Ill.	Sparkman
Kunkel	O'Brien, Mich.	Spence
Lane	O'Brien, N. Y.	Springer
Lanham	O'Hara	Stanley
Larcade	O'Neal	Starnes, Ala.
Lea	O'Toole	Stefan
LeCompte	Outland	Stevenson
LeFevre	Pace	Sullivan
Luce	Patman	Sumners, Tex.
Ludlow	Patton	Sundstrom
McCord	Pittenger	Taber
McCormack	Plumley	Talle
McCowen	Poage	Tarver
McGehee	Poulson	Thomas, N. J.
McGregor	Powers	Thomas, Tex.
McKenzie	Pratt,	Thomason
McLean	Joseph M.	Tibbott
McMillan	Price	Tolan
McWilliams	Rabaut	Towe
Madden	Ramey	Treadway
Magnuson	Ramspeck	Troutman
Mahon	Randolph	Vincent, Ky.
Maloney	Rankin	Vinson, Ga.
Manasco	Reece, Tenn.	Voorhis, Calif.
Mansfield,	Reed, Ill.	Vorys, Ohio
Mont.	Richards	Walter
Mansfield, Tex.	Rivers	Wasielewski
Marcantonio	Robinson, Utah	Weaver
Martin, Mass.	Rockwell	Welch, Ohio
Merrow	Rodgers, Pa.	Welch
Michener	Rohrbough	Wene
Miller, Conn.	Rolph	West
Miller, Nebr.	Rowan	Whittington
Mills	Russell	Wickersham
Monkiewicz	Sabath	Wigglesworth
Monroney	Sadowski	Willey
Morrison, La.	Sauthoff	Winstead
Mott	Schiffler	Wolcott
Mruk	Sheridan	Wolfenden, Pa.
Mundt	Sikes	Wolverton, N. J.
Murdock	Simpson, Ill.	Woodrum, Va.
Murray, Tenn.	Slaughter	Wright

NOT VOTING—123

Anderson,	Gossett	Merritt
N. Mex.	Granger	Morrison, N. C.
Baldwin, Md.	Grant, Ind.	Murphy
Barden	Green	Newsome
Beall	Hall,	O'Connor
Bell	Edwin Arthur	Peterson, Fla.
Blackney	Hall,	Peterson, Ga.
Bolton	Leonard W.	Pfeifer
Boren	Halleck	Philbin
Buckley	Hare	Ploeser
Burch, Va.	Harless, Ariz.	Pracht,
Burchill, N. Y.	Harness, Ind.	C. Frederick
Burdick	Hartley, Va.	Priest
Byrne	Hébert	Rees, Kans.
Capozzoli	Heffernan	Rizley
Carter	Heldinger	Robertson
Celler	Hess	Rogers, Mass.
Chapman	Hope	Rowe
Compton	Izac	Sasser
Cox	Jennings	Satterfield
Curley	Johnson, Ind.	Scanlon
Dawson	Johnson,	Scott
Delaney	Lyndon B.	Sheppard
Dewey	Judd	Short
Dickstein	Kennedy	Simpson, Pa.
Dies	Keogh	Smith, Va.
Disney	Kerr	Smith, W. Va.
Douglas	Kilburn	Stearns, N. H.
Drewry	King	Stewart
Ellsworth	Kirwan	Stigler
Elston, Ohio	Klein	Talbot
Fay	La Follette	Taylor
Fernandez	Landis	Torrens
Flannagan	Lemke	Wadsworth
Fulbright	Lesinski	Ward
Fuller	Lewis	Weiss
Fulmer	Lynch	Whelchel, Ga.
Furlong	McConnell	White
Gallagher	McMurray	Whitten
Gerlach	Maas	Wilson
Gibson	Martin, Iowa	Worley
Gilchrist	May	Zimmerman
Goodwin		

So the amendment was rejected.

The Clerk announced the following pairs:

General pairs:

Until further notice:

Mr. Lynch with Mr. Ploeser.
Mr. Zimmerman with Mr. Halleck.
Mr. Keogh with Mr. Compton.
Mr. Curley with Mr. Short.
Mr. Kennedy with Mr. Beall.

Mr. Stigler with Mr. Fuller.
Mr. Delaney with Mr. McConnell.
Mr. Kirwan with Mr. Martin of Iowa.
Mr. Pfeifer with Mr. Taylor.
Mr. King with Mr. Lewis.
Mr. Klein with Mr. Scott.
Mr. Flannagan with Mr. Hess.
Mr. Capozzoli with Mr. Douglass.
Mr. Ward with Mrs. Rogers of Massachusetts.

Mr. Buckley with Mr. Leonard W. Hall.
Mr. Priest with Mr. Judd.
Mr. Burchill of New York with Mr. Rowe.
Mr. McMurray with Mr. Grant of Indiana.
Mr. Heffernan with Mr. Elston of Ohio.
Mr. Izac with Mr. Goodwin.
Mr. Dickstein with Mr. Harness of Indiana.
Mr. Byrne with Mr. Gallagher.
Mr. Celler with Mr. Lemke.
Mr. Merritt with Mr. Rees of Kansas.
Mr. Harris of Virginia with Mr. Gerlach.
Mr. Torrens with Mr. Ellsworth.
Mr. Philbin with Mr. Blackney.
Mr. Peterson of Georgia with Mr. LaFollette.

Mr. Whitten with Mrs. Bolton.
Mr. Bell with Mr. Kilburn.
Mr. Chapman with Mr. Rizley.
Mr. Cox with Mr. Hartley.
Mr. Hébert with Mr. C. Frederick Pracht.
Mr. Satterfield with Mr. Dewey.
Mr. Weiss with Mr. Gilchrist.
Mr. Sheppard with Mr. Stearns of New Hampshire.

Mr. May with Mr. Heidinger.
Mr. Smith of Virginia with Mr. Burdick.
Mr. Murphy with Mr. Landis.
Mr. Robertson with Mr. Wilson.
Mr. Green with Mr. Johnson of Indiana.
Mr. Hare with Mr. Hope.
Mr. Fulbright with Mr. Talbot.
Mr. Burch of Virginia with Mr. Maas.
Mr. Fay with Mr. Jennings.
Mr. Disney with Mr. Edwin Arthur Hall.
Mr. Fulmer with Mr. Wadsworth.
Mr. Kerr with Mr. Carter.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. CANNON of Missouri. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 280, nays 23, answered "present" 1, not voting, 124, as follows:

[Roll No. 75]

YEAS—280

Abernethy	Boykin	Cochran
Allen, Ill.	Bradley, Pa.	Coffee
Allen, La.	Brehm	Cole, Mo.
Andersen,	Brooks	Cole, N. Y.
H. Carl	Brown, Ga.	Cooley
Anderson, Calif.	Brown, Ohio	Cooper
Andresen,	Brumbaugh	Costello
August H.	Bryson	Courtney
Andrews, Ala.	Buffett	Cravens
Andrews, N. Y.	Bulwinkle	Crosser
Angell	Burgin	Cunningham
Arends	Busbey	Curtis
Auchincloss	Butler	D'Alesandro
Baldwin, N. Y.	Camp	Davis
Barrett	Canfield	Dilweg
Barry	Cannon, Fla.	Dingell
Bates, Ky.	Cannon, Mo.	Dirksen
Bates, Mass.	Carlson, Kans.	Dondero
Beckworth	Carrier	Doughton
Bender	Carlson, Ohio	Durham
Bennett, Mich.	Case	Dworshak
Bennett, Mo.	Chenoweth	Eaton
Blackney	Chipherfield	Eberharter
Bland	Church	Elliott
Bloom	Clark	Ellison, Md.
Bonner	Clason	Engel, Mich.

Engle, Calif.
Feighan
Fellows
Fenton
Fish
Fisher
Fitzpatrick
Fogarty
Folger
Forand
Ford
Gale
Gamble
Gathings
Gavin
Gearhart
Gifford
Gillespie
Gillette
Gillie
Gordon
Gore
Gorski
Graham
Grant, Ala.
Gregory
Gross
Gwynne
Hagen
Hale
Hancock
Harris, Ark.
Hart
Hartley
Hays
Hendricks
Herter
Hill
Hinshaw
Hobbs
Hoch
Hoeven
Hollifield
Holmes, Mass.
Holmes, Wash.
Horan
Howell
Hull
Jackson
Jarman
Jeffrey
Jenkins
Jensen
Johnson,
Calvin D.
Johnson,
J. Leroy
Johnson,
Luther A.
Johnson, Okla.
Johnson, Ward
Jonkman
Kean
Kearney
Kee
Keefe
Kefauver
Kelley
Kilday
Kinzer

Kleberg
Kunkel
Lane
Lanham
Larcade
Lea
LeCompte
LeFevre
Lucre
Ludlow
McCord
McCormack
McCowan
McGehee
McKenzie
McLean
McMillan
McWilliams
Madden
Magnuson
Mahon
Maloney
Manasco
Mansfield,
Mont.
Mansfield, Tex.
Marcantonio
Martin, Mass.
Merrow
Michener
Miller, Conn.
Miller, Mo.
Miller, Pa.
Mills
Monkiewicz
Monroney
Morrison, La.
Mott
Mruk
Mundt
Murdoch
Murray, Tenn.
Murray, Wis.
Myers
Norman
Norrell
Norton
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Konski
O'Neal
O'Toole
Outland
Pace
Patman
Patton
Phillips
Pittenger
Poage
Poulson
Powers
Pratt
Joseph M.
Price
Rabaut
Ramey
Ramspeck
Randolph
Rankin

Reece, Tenn.
Reed, Ill.
Richards
Rivers
Robinson, Utah
Robison, Ky.
Rockwell
Rodgers, Pa.
Rohrbough
Rolph
Rowan
Russell
Sadowski
Sauthoff
Schiffner
Schwabe
Scribner
Sheridan
Sikes
Simpson, Ill.
Slaughter
Smith, Maine
Smith, Wis.
Snyder
Somers, N. Y.
Sparkman
Spence
Springer
Stanley
Starnes, Ala.
Stefan
Stevenson
Sullivan
Sumners, Tex.
Sundstrom
Tander
Talle
Tarver
Thomas, N. J.
Thomas, Tex.
Thomason
Tibbott
Tolan
Towe
Treadway
Troutman
Vincen, Ky.
Vinson, Ga.
Voorhis, Calif.
Vorys, Ohio
Vursell
Walter
Wasielewski
Weaver
Weichel, Ohio
Welch
Wene
West
Whittington
Wickersham
Wigglesworth
Wiley
Winstead
Wolcott
Wolfenden, Pa.
Wolverton, N. J.
Woodrum, Va.
Wright

NAYS—23

Arnold
Bishop
Bradley, Mich.
Clevenger
Crawford
Day
Ellis
Elmer

Griffiths
Hoffman
Johnson,
Anton J.
Jones
Knutson
Lambertson
Mason

O'Hara
Reed, N. Y.
Shafer
Smith, Ohio
Stockman
Sumner, Ill.
Winter
Woodruff, Mich.

ANSWERED "PRESENT"—1

White

NOT VOTING—124

Anderson,
N. Mex.
Baldwin, Md.
Barden
Beall
Bell
Bolton
Boren
Buckley
Burch, Va.
Burchill, N. Y.
Burdick
Byrne
Capozzoli
Carter
Celler
Chapman
Colmer
Compton
Cox

Curley
Dawson
Delaney
Dewey
Dickstein
Dies
Disney
Douglas
Drewry
Edwin Arthur
Hall,
Leonard W.
Halleck
Hare
Harless, Ariz.
Harness, Ind.
Harris, Va.
Hébert
Heffernan
Heldinger
Hess

Gibson
Gilchrist
Goodwin
Gossett
Granger
Grant, Ind.
Green
Hall,
Edwin Arthur
Halleck
Hare
Harless, Ariz.
Harness, Ind.
Harris, Va.
Hébert
Heffernan
Heldinger
Hess

Hope
Izac
Jennings
Johnson, Ind.
Johnson,
Lyndon B.
Judd
Kennedy
Keogh
Kerr
Kilburn
King
Kirwan
Klein
LaFollette
Landis
Lemke
Lesinski
Lewis
Lynch
McConnell
McGregor
McMurray

Maas
Martin, Iowa
May
Merritt
Miller, Nebr.
Morrison, N. C.
Murphy
Newsome
O'Connor
Peterson, Fla.
Peterson, Ga.
Pfeifer
Philbin
Ploeser
Plumley
Pracht,
C. Frederick
Priest
Rees, Kans.
Rizley
Robertson
Rogers, Mass.
Rowe

Sasser
Satterfield
Scanlon
Scott
Sheppard
Short
Simpson, Pa.
Smith, Va.
Smith, W. Va.
Stearns, N. H.
Stewart
Stigler
Talbot
Taylor
Torrens
Wadsworth
Ward
Weiss
Whelchel, Ga.
Whitten
Wilson
Worley
Zimmerman

So the bill was passed.

General pairs:

Mr. Curley with Mr. Short.
Mr. Kennedy with Mr. Beall.
Mr. Lynch with Mr. Ploeser.
Mr. Zimmerman with Mr. Halleck.
Mr. Stigler with Mr. Fuller.
Mr. Pfeifer with Mr. Taylor.
Mr. Ward with Mrs. Rogers of Massachusetts.

Mr. Delaney with Mr. McConnell.
Mr. Priest with Mr. Judd.
Mr. Klein with Mr. Scott.
Mr. Keogh with Mr. Compton.
Mr. Kirwan with Mr. Martin of Iowa.
Mr. Capozzoli with Mr. Douglas.
Mr. King with Mr. Lewis.
Mr. Buckley with Mr. Leonard W. Hall.
Mr. Flannagan with Mr. Hess.
Mr. McMurray with Mr. Grant of Indiana.
Mr. Izac with Mr. Goodwin.
Mr. Byrne with Mr. Gallagher.
Mr. Harris of Virginia with Mr. Gerlach.
Mr. Burchill of New York with Mr. Rowe.
Mr. Whitten with Mrs. Bolton.
Mr. Heffernan with Mr. Ellston.
Mr. Hébert with Mr. C. Frederick Pracht.
Mr. Dickstein with Mr. Harness.
Mr. Celler with Mr. Lemke.
Mr. Philbin with Mr. Miller of Nebraska.
Mr. Torrens with Mr. Ellsworth.
Mr. Peterson of Georgia with Mr. LaFollette.

Mr. Merritt with Mr. Rees of Kansas.
Mr. Cox with Mr. McGregor.
Mr. Fay with Mr. Jennings.
Mr. Bell with Mr. Kilburn.
Mr. Chapman with Mr. Rizley.
Mr. Sheppard with Mr. Stearns of New Hampshire.
Mr. Smith of West Virginia with Mr. Burdick.
Mr. Satterfield with Mr. Dewey.
Mr. Weiss with Mr. Gilchrist.
Mr. Murphy with Mr. Landis.
Mr. May with Mr. Heidinger.
Mr. Green with Mr. Johnson of Indiana.
Mr. Fulbright with Mr. Talbot.
Mr. Robertson of Virginia with Mr. Wilson.
Mr. Hare with Mr. Hope.
Mr. Fulmer with Mr. Wadsworth.
Mr. Kerr with Mr. Carter.
Mr. Burch of Virginia with Mr. Maas.
Mr. Disney with Mr. Edwin Arthur Hall.
Mr. Drewry with Mr. Plumley.
Mr. Whelchel of Georgia with Mr. Simpson of Pennsylvania.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in two particulars, in one to include an editorial from today's New York Times on U. N. R. R. A., and in the other

to include an editorial from the Washington Post of today on funds for U. N. R. R. A.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

PROGRAM FOR WEEK OF MONDAY, JUNE 5

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the distinguished majority leader tell us what the program will be for next week?

Mr. McCORMACK. I shall be very pleased to.

Monday, the Consent Calendar. Then there will be a suspension of the rules on H. R. 4833, to extend the Sugar Act for 2 years, and possibly a discussion on House Joint Resolution 283, a short resolution; also on H. R. 3646, amending the Panama Canal Code extending the term of office of certain Federal officials in the Canal Zone. There may be one or two other suspensions.

The SPEAKER. Will the gentleman yield?

Mr. McCORMACK. I yield.

The SPEAKER. There will be one and possibly two.

Mr. McCORMACK. There will be one or two more suspensions.

Tuesday: The Private Calendar and conference report on the State, Justice, and Commerce bill. That will be followed by general debate on the O. P. A. bill.

Wednesday: Continuation of debate on the O. P. A. bill, and it is hoped general debate may be concluded some time Wednesday afternoon, in which event the bill will be taken up for consideration under the 5-minute rule.

Thursday: Continuation of O. P. A., and it is hoped conclusion of the O. P. A. bill. The War Department appropriation bill will immediately follow the O. P. A. bill.

Friday: Probably consideration of the War Department bill.

Saturday: We expect to have a Saturday session next week.

A number of conference reports may come in in addition to the one I have mentioned. I have been informed by the gentleman from Michigan that the conference report on the State, Justice, and Commerce bill will be filed and taken up on Tuesday.

Mr. MARTIN of Massachusetts. Can the gentleman tell us whether there is much controversy on the State, Justice, and Commerce?

Mr. RABAUT. There is very little controversy over that conference report.

Mr. McCORMACK. These bills are now in conference. The debt limit bill, Interior Department appropriation bill, the legislative-judicial appropriation bill. If they are filed and the legislative situation permits they will be taken up. I understand they will be taken up, if possible.

House Resolution 551, may be considered during the week.

Mr. MARTIN of Massachusetts. What is that resolution?

Mr. McCORMACK. That is the Anderson resolution as amended appointing the usual committee to investigate elections, and so forth, every 2 years.

During the next 3 weeks, I may say, it is urgently hoped and desired that all Members be on the floor every day as there will be a lot of business during the next 3 weeks. I may say also it is my intention on Monday to ask unanimous consent to meet at 11 o'clock on Tuesday. I shall make the same request for Wednesday and Thursday, that we meet at 11 o'clock—and on Friday and Saturday if necessary.

Mr. MARTIN of Massachusetts. That is acceptable to me. I think we ought to get this work done and, if necessary, work a little overtime.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. FISH. Does the gentleman from Massachusetts [Mr. McCORMACK], intend to bring up the Short resolution under a rule or under suspension?

Mr. McCORMACK. I am unable to advise the gentleman now. That will be determined Monday and naturally in collaboration with the gentleman from Missouri [Mr. SHORT], and the gentleman from Massachusetts [Mr. MARTIN].

Mr. FISH. There is a rule outstanding.

Mr. McCORMACK. I am aware of that fact.

Mr. RANKIN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from Mississippi.

Mr. RANKIN. May I say to the gentleman from New York that I will probably ask the Speaker to recognize me to suspend the rules and pass a small bill that has been introduced by the gentleman from California [Mr. WELCH] with reference to a few men who served during the Spanish-American War, who might say in the merchant marine, who have been suffering all this time from disabilities incurred in that service. There are very few of them and they are very old now. The gentleman from California is anxious to see that bill passed by the House. I say, therefore, if the Speaker will recognize me, it is my intention to request recognition to move to suspend the rules and pass that measure.

The SPEAKER. The gentleman from Mississippi spoke to the Chair and the Chair asked him to let him see the bill on Monday morning.

Mr. FISH. Mr. Speaker, I have some other questions I would like to clear up. What does the gentleman propose to do about the sugar bill? Is that to come in under a rule or under suspension?

Mr. McCORMACK. Under suspension.

Mr. FISH. Has the gentleman in mind any rule for Monday?

Mr. McCORMACK. No. We have a pretty busy day as it is for Monday.

Mr. FISH. The Short resolution will come up on Monday?

Mr. McCORMACK. Yes; under rule or suspension. The leadership is perfectly agreeable to have it come up. It is necessary to confer with a Member in connection with that and the opportunity has not existed to do that up to date.

Mr. FISH. Outside of the Short resolution, has the gentleman anything else to bring up under a rule unless he decides to bring that up on Monday?

Mr. McCORMACK. On Monday; no. We have a pretty crowded calendar. We also have for all practical purposes the O. P. A. Stabilization Act. The extension of that act comes up next week.

Mr. FISH. That comes up on Tuesday?

Mr. McCORMACK. On Tuesday. On Monday we have a pretty crowded calendar.

Mr. FISH. Has the gentleman anything in mind about the Barrett resolution?

Mr. McCORMACK. Of course, that is not on the program. There are several other rules outstanding. Some of them I would like to put on the calendar. For instance, I would like to put the contract-termination bill on. I would like to have that come up for reconsideration as soon as possible.

Mr. FISH. A rule has not been granted on that?

Mr. McCORMACK. I assume one will.

Mr. MARTIN of Massachusetts. The gentleman must first consider the legislation that is necessary to be considered because of time?

Mr. McCORMACK. That is so. I want to give the gentleman from New York a very frank answer. Is the gentleman satisfied with the answer?

Mr. FISH. I understand the gentleman's position about the Short resolution, that he has not determined whether it will be brought up under suspension or under a rule. That is what I was trying to find out.

Mr. McCORMACK. The situation is something I have no control over now.

The SPEAKER. The Chair is very frank to say that he does not know what the motion will be. It is something that would depend on the kind of motion that is made by the author of the bill as to whether or not the Chair will recognize him to suspend the rules.

Mr. FISH. That is the situation as I thought it was, but I was trying to get further information.

The SPEAKER. The Chair has the final right to say whether Members are recognized to move to suspend the rules.

EXTENSION OF REMARKS

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a poem by Mr. Carlisle, and I also ask unanimous consent to revise and extend the remarks I made on the F. E. P. C. on last Friday.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. HOBBS]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. FORAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein two editorials.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island [Mr. FORAND]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. LARCADE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein copy of a concurrent resolution of the Legislature of the State of Louisiana.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. LARCADE]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the Record on two different topics.

The SPEAKER. Is there objection to the request of the gentleman from Arizona [Mr. MURDOCK]?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a news article on the death of Gen. O. R. Gelllette, the last surviving commissioned officer of the Confederate Army in my home town.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. BROOKS]?

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill we passed today may have 5 legislative days in which to extend their own remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein certain letters and excerpts referred to in the debate in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

78TH CONGRESS
2^D SESSION

H. R. 4937

IN THE SENATE OF THE UNITED STATES

JUNE 5 (legislative day, MAY 9), 1944

Read twice and referred to the Committee on Appropriations

AN ACT

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for defense aid
5 pursuant to the Act of March 11, 1941, as amended, for
6 participation by the United States in the work of the United
7 Nations Relief and Rehabilitation Administration pursuant
8 to the Act of March 28, 1944, and for the support of the

1 Foreign Economic Administration, for the fiscal year ending
2 June 30, 1945, and for other purposes, as follows:

3 TITLE I—DEFENSE AID—LEND-LEASE

4 SEC. 101. To enable the President, during the fiscal
5 year ending June 30, 1945, through such departments or
6 agencies of the Government as he may designate, further
7 to carry out the provisions of an Act to promote the defense
8 of the United States, approved March 11, 1941, as
9 amended, and for each and every purpose incident to or
10 necessary therefor, the following sums for the following
11 respective purposes:

12 (a) For the procurement, by manufacture or other-
13 wise, of defense articles, information, and services, for the
14 government of any country whose defense the President
15 deems vital to the defense of the United States, and the dis-
16 position thereof, including all necessary expenses in con-
17 nection therewith, as follows:

18 Agricultural, industrial, and other commodities and
19 articles, \$3,446,361,000.

20 (b) For administrative expenses, not specified or in-
21 cluded in the appropriation for "Salaries and expenses,
22 Foreign Economic Administration, 1945", \$4,209,000.

23 (c) In all, \$3,450,570,000.

24 (d) Each of the foregoing appropriations shall be
25 additional to, and consolidated with, the appropriations for

1 the same purposes, contained in the same respective cate-
2 gories of appropriation in the Defense Aid Supplemental
3 Appropriation Act, 1941, the Defense Aid Supplemental
4 Appropriation Act, 1942, the Second Defense Aid Sup-
5 plemental Appropriation Act, 1942, and the Defense Aid
6 Supplemental Appropriation Act, 1943, and the appropria-
7 tions contained in the foregoing Acts are hereby con-
8 tinued and shall be available until June 30, 1945; and
9 \$88,299,000 of the money and property converted into
10 money which have been hitherto received as a result of opera-
11 tions under said Act of March 11, 1941, as amended, is
12 hereby consolidated with, and shall be available until June
13 30, 1945, for any of the purposes of, the appropriation for
14 "Agricultural, industrial, and other commodities and arti-
15 cles": *Provided*, That with the exception of the appropria-
16 tion for "Administrative expenses", not to exceed 20 per
17 centum of any of the foregoing appropriations may be
18 transferred by the President to any other of such
19 appropriations, but no such appropriation shall be in-
20 creased more than 30 per centum thereby: *Provided fur-*
21 *ther*, That notwithstanding the foregoing proviso (1) bal-
22 ances, unobligated as of June 30, 1944, and balances
23 subsequently released from obligation, of appropriations con-
24 tained in the foregoing Acts for "Ordnance and ord-
25 nance stores, supplies, spare parts, and materials, in-

1 cluding armor and ammunition and components thereof”,
2 and for “Miscellaneous military equipment, supplies, and
3 materials”, may be transferred by the President to and
4 consolidated with the appropriation provided above for
5 “Agricultural, industrial, and other commodities and arti-
6 cles”, and (2) balances, unobligated as of June 30, 1944,
7 and balances subsequently released from obligation, of appro-
8 priations contained in the foregoing Acts for “Necessary
9 services and expenses” may be transferred by the President
10 to and consolidated with any of the appropriations pro-
11 vided above, except the appropriation for “Administrative
12 expenses”.

13 SEC. 102. Any defense article, information, or serv-
14 ice procured from funds appropriated by this title or prior
15 Acts appropriating funds to the President for the purpose of
16 carrying out the provisions of said Act of March 11, 1941, as
17 amended, shall be retained by or transferred to and for the
18 use of such department or agency of the United States as the
19 President may determine, in lieu of being disposed of to a
20 foreign government, whenever in the judgment of the Presi-
21 dent the defense of the United States will be best served
22 thereby: *Provided further*, That none of the funds appropri-
23 ated in this title shall be used for the payment of any subsidy
24 on agricultural products produced in the continental United

1 States nor for the purchase or distribution of any food prod-
2 ucts for use in Puerto Rico or the Virgin Islands.

3 SEC. 103. This title may be cited as "Defense Aid Ap-
4 propriation Act, 1945".

5 TITLE II—UNITED NATIONS RELIEF AND
6 REHABILITATION ADMINISTRATION

7 SEC. 201. To enable the President to carry out the
8 provisions of the Act of March 28, 1944 (Public Law
9 267), and for each and every purpose incident thereto or
10 necessary therefor, \$450,000,000, not to exceed \$21,700,000
11 shall be available for procurement of sixty-one million seven
12 hundred thousand pounds of raw wool from stockpiles of
13 the United States Government existing on the date of the
14 approval of this Act and \$43,200,000 shall be available for
15 procurement of three hundred and forty-five thousand five
16 hundred bales of cotton now owned by the Commodity Credit
17 Corporation, to be available immediately and to remain
18 available until June 30, 1946: *Provided*, That (1)
19 any sums allocated by the President to any executive
20 department, independent establishment, or agency for
21 any of the purposes hereof, from funds appropriated by or
22 authorized to be expended under this title or from funds
23 made available by the United Nations Relief and Re-
24 habilitation Administration, may be expended without re-

1 gard to those provisions of law waived by law with respect
2 to the expenditure of Government funds by such depart-
3 ment, independent establishment, or agency; (2) the appro-
4 priations, funds, or accounts of any executive department,
5 independent establishment, or agency shall be reimbursed
6 or credited from sums allocated hereunder, except as here-
7 inafter provided, for any supplies or services procured
8 from such appropriations or funds or by use of such accounts
9 and furnished for any of the purposes hereof; and (3) any
10 supplies or services procured from funds appropriated by
11 or authorized to be expended under this title may be retained
12 by or transferred to any executive department, independent
13 establishment, or agency, and said funds shall be reimbursed
14 from payments made in return therefor by such department,
15 independent establishment, or agency: *Provided further,*
16 That any officer or employee of any executive department,
17 independent establishment, or agency who is detailed to the
18 United Nations Relief and Rehabilitation Administration
19 and compensated hereunder, either directly or by reimburse-
20 ment of applicable appropriations or funds, shall, while so
21 detailed, retain and be entitled to the rights, benefits, privi-
22 leges, and status of an officer or employee of the United
23 States and of the department, independent establishment,
24 or agency from which detailed.

25 SEC. 202. This title may be cited as "United Nations

1 Relief and Rehabilitation Administration Participation Ap-
2 propriation Act, 1945”.

3 TITLE III—EXECUTIVE OFFICE OF THE

4 PRESIDENT

5 OFFICE FOR EMERGENCY MANAGEMENT

6 FOREIGN ECONOMIC ADMINISTRATION

7 Salaries and expenses: For all expenses necessary to
8 enable the Foreign Economic Administration to carry out
9 its functions and activities, including salaries of the Admin-
10 istrator at \$10,000 per annum, and four assistants to the Ad-
11 ministrator at \$9,000 per annum each; employment of aliens;
12 temporary employment of persons or organizations by con-
13 tract or otherwise without regard to the civil-service and classi-
14 fication laws (not exceeding \$100,000) ; travel expenses (not
15 exceeding \$275,000 for travel within continental United
16 States) , including expenses of employees of the Administration
17 and the transportation of their personal effects to their first
18 posts of duty in a foreign country and return to their homes;
19 transportation of dependents and household goods and effects,
20 in accordance with the Act of October 10, 1940, from foreign
21 countries to their homes in the United States of employees
22 of the Foreign Economic Administration and the State De-
23 partment for whom such expenses to a foreign country were
24 authorized and paid from funds allocated to the Board of
25 Economic Warfare; advances of money, upon the furnish-

1 ing of bond, to employees traveling in a foreign country, in
2 such sums as the Administrator shall direct; reimburse-
3 ment of employees for loss of personal effects in case of
4 marine or aircraft disaster; rental of news-reporting services;
5 purchase of, or subscription to, commercial and trade reports;
6 printing and binding (not exceeding \$90,000) ; \$19,500,000,
7 of which amount not to exceed \$50,000 shall be available
8 for payment, or reimbursement to employees, as determined
9 by the Administrator, for emergency or extraordinary ex-
10 penses in connection with operations in foreign countries,
11 without regard to the provisions of law regulating the ex-
12 penditure, accounting for, and audit of Government funds:
13 *Provided further*, That not to exceed \$500,000 of the
14 amount herein appropriated shall be available for expendi-
15 tures of a confidential character to be expended under the
16 direction of the Administrator, who shall make a certificate
17 of the amount of each such expenditure which he may think
18 it advisable not to specify, and every such certificate shall
19 be deemed a sufficient voucher for the amount therein
20 certified.

21 Payments for articles and materials requisitioned: For
22 the purpose of making payments to the owners thereof for
23 articles requisitioned under authority of the Acts of October
24 10, 1940, and October 16, 1941, as amended (50 U. S. C.
25 App. 711 and 721), the unexpended balance as of June 30,

1 1944, of the fund consisting of (1) the allocation of \$200,000
2 to the Economic Defense Board from the emergency fund
3 for the President by letter of November 26, 1941, and (2)
4 the receipts credited to said appropriation by said Act of
5 October 10, 1940, as amended and reallocated for the same
6 purpose by said letter of allocation, is hereby continued avail-
7 able to the Foreign Economic Administration for the fiscal
8 year 1945: *Provided*, That receipts of the sales of articles
9 requisitioned by said Administrator under authority of said
10 Act of October 16, 1941, shall be deposited to the credit of
11 this fund and be immediately available for the purposes
12 thereof.

13 No part of any funds appropriated or made available
14 in this title to the Foreign Economic Administration shall be
15 used directly or indirectly for the procurement of services,
16 supplies, or equipment in connection with its foreign procure-
17 ment activities outside the United States except for the pur-
18 pose of executing general economic programs or policies
19 formally approved in writing by a majority of the War
20 Mobilization Committee and such writing has been filed with
21 the Secretary of State prior to any such expenditure.

22 Export-Import Bank of Washington, administrative ex-
23 penses: Not to exceed \$325,000 of the funds of the Ex-
24 port-Import Bank of Washington, continued as an agency of
25 the Government by the Act of September 26, 1940 (15

1 U. S. C. 713b), shall be available during the fiscal year
2 1945 for all administrative expenses of the bank, including
3 personal services in the District of Columbia and elsewhere;
4 travel expenses, in accordance with the Standardized Gov-
5 ernment Travel Regulations and the Act of June 3, 1926,
6 as amended (5 U. S. C. 821-833); printing and binding;
7 lawbooks and books of reference; not to exceed \$100 for
8 periodicals, \$200 for newspapers, and \$200 for maps; not
9 to exceed \$15,000 for the temporary employment of per-
10 sons or organizations for special services by contract or
11 otherwise, without regard to section 3709 of the Revised
12 Statutes; and rent in the District of Columbia: *Provided*,
13 That all necessary expenses (including special services per-
14 formed on a contract or fee basis, but not including other
15 personal services) in connection with the acquisition, opera-
16 tion, maintenance, improvement, or disposition of any real or
17 personal property belonging to the bank or in which it has
18 an interest, including expenses of collections of pledged col-
19 lateral, shall be considered as nonadministrative expenses for
20 the purposes hereof: *Provided further*, That sections 201,
21 202, and 203 of the National War Agencies Appropriation
22 Act, 1945, shall have no application to this appropriation.

23 SEC. 301. Those general provisions in the National
24 War Agency Appropriation Act, 1945, applicable to the
25 constituent agencies of the Office for Emergency Manage-

1 ment, and those general provisions in such Act generally
2 applicable to all agencies in such Act, are hereby made
3 applicable to the same extent, except as otherwise provided,
4 to the appropriations in this title.

5 SEC. 302. This title may be cited as the "Foreign Eco-
6 nomic Administration Appropriation Act, 1945".

Passed the House of Representatives June 3, 1944.

Attest:

SOUTH TRIMBLE,

Clerk.

AN ACT

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

JUNE 5 (legislative day, May 9), 1944

Read twice and referred to the Committee on
Appropriations

the Court now is disavowing this belief, the use of testimony obtained by compulsory discovery to convict an accused must be considered "shocking to the universal sense of justice" and "offensive to the common and fundamental ideas of fairness and right," and therefore, under past decisions of the court, incompatible with constitutional due process of law (*Betts v. Brady*, 316 U. S. 455, 462, 473).

Or at least, even if the use of testimony extracted by compulsory discovery be held consistent with due process, adherence to the belief expressed by the *Boyd* case should require the Court to hold that, absent a conflicting act of Congress, "a decent regard for the duty of courts as agencies of justice and custodians of liberty forbids that men should be convicted upon evidence" so obtained (*McNabb v. United States*, 318 U. S. 332, 347). But I do not base my dissent upon judicially defined concepts of procedural due process or upon judge-made rules of evidence. The Bill of Rights, proposed in 1789 by the First Congress convened under our Constitution, and quickly ratified by the States in 1791, declares in part that, "No person * * * shall be compelled in any criminal case to be a witness against himself" (amendment 5, Constitution of the United States). Never since the Bill of Rights was adopted until today has this Court sustained a single conviction for a Federal offense which rested on self-incriminatory testimony forced from the accused. I cannot agree to do so now.

Feldman was compelled to testify under oath in a creditors' compulsory discovery proceeding in a New York court conducted pursuant to a State statute which granted him immunity from State prosecution for any State crime he might be forced to confess. Had he refused to testify he could have been imprisoned. Over his objection, a transcript of his compelled testimony was used in the United States District Court to convict him of a Federal crime. As the fifth amendment heretofore has been interpreted, Feldman's testimony could not have been used for this purpose had it been compelled by a Federal court rather than the State court.² This would have been true whether the Federal court proceeding had been nocriminal or criminal,³ and whether Feldman had testified as a mere witness or as a defendant.⁴ Nor could his forced testimony have been used had it been compelled by Federal officers outside of a court room;⁵ by foreign detectives in a foreign country inquiring into commission of an offense against the United States committed on the high seas;⁶ or by State officers interrogating a suspect for the purpose of enforcing a Federal law.⁷ There is, then, no sanction in the precedents of this Court for viewing the fifth amendment's prohibition against compelled testimony with grudging eyes and reducing its scope to the narrowest plausible limits. As the decisions reflect, the previously declared attitude of the Court toward this prohibition has been that it "must have a broad construction in favor of the right which it was intended to secure" (*Counselman v. Hitchcock*, 142 U. S. 547, 562; *McCarthy v. Arndstein*, 266 U. S. 34).

Today, however, the Court adopts a different approach to the task of construing

the fifth amendment. We are now told that under certain circumstances compelled testimony is purged of the fatal taint which the fifth amendment places upon it, and that an accused can be convicted in a Federal court on words he was forced to speak. The circumstances under which it is now held that men can be forced to convict themselves by their own testimony are, (1) that the testimony was compelled by State officers, and (2) that the State officers were not acting to enforce Federal law. These slight variations in the techniques of compulsion are considered a sufficient excuse to escape the fifth amendment's command against the use of compelled testimony by Federal courts. Surely such a holding is not to be justified by the language of that amendment. Within its sweeping prohibition are found no exceptions based upon the persons who compel, their purpose in compelling, or their method of compelling, whether by threats of imprisonment, physical torture, or other means. Testimony is no less compelled because a State rather than a Federal officer compels it, or because the State officer appears to be primarily interested at the moment in enforcing a State rather than a Federal law.

Nor is the holding in this case to be defended as one which our Federal system requires. This case presents no conflict between Federal and State spheres of power such as that presented by cases involving the validity of Federal and State immunity statutes, wherein it has been contended, unsuccessfully, that neither the United States nor a State can compel a witness to testify against himself unless it grant him complete immunity from prosecution in both jurisdictions.⁸ Feldman's objection to the use of his compelled testimony is not based on a claim that New York must grant him, or has granted him, immunity from prosecution for the Federal crime it has forced him to confess. He does not question the power of the United States to prosecute him for that crime on proper evidence. Nor, for that matter, does he contend that the fifth amendment prevented New York from compelling him to confess a Federal crime.⁹ He claims only that the fifth amendment's prohibition against self-incrimination prevents the use of his compelled testimony against him in the present proceeding.

² See *Hale v. Henkel*, 201 U. S. 43, and *United States v. Murdock*, 284 U. S. 141, holding it enough that the United States grant immunity from prosecution for Federal crimes; but see, *contra*, *United States v. Saline Bank*, 1 Peters 100; *Ballmann v. Fagin*, 200 U. S. 186. Had the Court in the *Murdock* case, supra, accepted the contention that the Federal Government must grant an immunity from State as well as Federal prosecution, it would inevitably have been faced with the problem of the Federal power to interfere with enforcement of State laws through the device of granting immunity from State prosecution to witnesses in Federal proceedings—a problem replete with both practical and legal difficulties. See *J. A. C. Grant, Immunity From Compulsory Self-Incrimination in a Federal System of Government*, 9 Temple L. Q. 57 and 194, 207-211.

Compare *Jack v. Kansas*, supra, note 1, holding that Kansas could compel a witness to testify to his past crimes upon a grant of immunity from State prosecution, though he still be subject to Federal prosecution. In reaching this result the Court took specific notice of the fact that, were the rule otherwise, State immunity statutes must all be stricken down. "The State statute could not, of course, prevent a prosecution of the same party under the United States statute" (199 U. S. 372, 380).

³ See *Twining v. New Jersey*, 211 U. S. 78, and *Ensign v. Pennsylvania*, supra, note 1, holding respectively that despite the fourteenth amendment a State may compel a

The very narrow problem thus presented, and upon which this Court never before has passed, is whether Federal courts can convict a defendant of a Federal crime by use of self-incriminatory testimony which someone in some manner has extracted from him against his will. The Court's holding that a defendant can be so convicted cuts into the very substance of the fifth amendment. And it justifies this result not by the language or history of the Constitution itself but by a process of syllogistic reasoning based upon broad premises of "dual sovereignty" stated in previous opinions of the Court relating to immunity statutes. Even were there here a "dual sovereignty" problem, which there is not, such a method of decision would be questionable. Constitutional interpretation should involve more than dialectics. The great principles of liberty written in the Bill of Rights cannot safely be treated as imprisoned in walls of formal logic built upon vague abstractions found in the United States Reports. "The ultimate touchstone of constitutionality is the Constitution itself and not what we have said about it" (*Graves v. New York ex rel. O'Keefe*, 306 U. S. 466, concurring opinion, 487, 491-492).¹⁰

Putting aside the Court's dialectical method of interpretation, and examining the history and purpose of the fifth amendment, there appears to be no justification for reducing its scope as the Court is now doing. Compulsion of self-incriminatory testimony by court oaths and by the less refined methods of torture were equally detested by the fifth amendment's liberty-loving advocates and their forebears.¹¹ Their abhorrence of these practices did not spring alone from a predilection for personal privacy. They had other reasons to despise and fear them. They still remembered the hated practices of the Court of Star Chamber, the Court of High Commission, and other inquisitorial agencies which had brought religious and political nonconformists within the penalties of the law by means of their own testimony. And history supports no argument that the framers of the fifth amendment were interested only in forbidding the extraction of an accused's testimony, as distinguished from the use of his extracted testimony. The extraction of testimony is, of course, but a means to the end of its use to punish. Few persons would seriously object to testifying unless their testimony would subject them to future punishment. The real evil aimed at by the fifth amendment's flat prohibition against the compulsion of self-incriminatory testimony was that thought to inhere in using a man's compelled testimony to punish him. By broadly outlawing the practice of compelling such testimony the fifth amendment struck at this evil at its source, seeking to eliminate the possibility that compelled testimony would ever be available for use to punish a defendant.¹²

Perhaps, as some have argued, the men who framed this amendment were mistaken or

defendant to incriminate himself, and may use against him schedules he filed in an involuntary Federal bankruptcy proceeding. But see *Ashcraft v. Tennessee*, No. 391, decided May 1, 1944.

¹⁰ For a critical analysis of the conflict between the legal concept of "dual sovereignty" and preservation of the constitutional prohibition against self-incrimination. (See *J. A. C. Grant, op. cit.*, supra, Note 8.)

¹¹ See Pittman, *The Colonial and Constitutional History of the Privilege Against Self-Incrimination in America*, 21 Va. L. Rev. 763, 775-783.

¹² See *United States v. Burr*, 25 Fed. Cas. 38-41; *Counselman v. Hitchcock*, 142 U. S. 547, 564-566; *Brown v. Walker*, 161 U. S. 591, 594, 600, 605-606; cf. *Ex parte Lange*, 18 Wall. 163, 173. And see Pittman, *op. cit.*, supra, Note 11; and cases cited Notes 5, 6, and 7, supra.

² *McCarthy v. Arndstein* (266 U. S. 34); and see *Bram v. United States* (168 U. S. 532); *Wan v. United States* (266 U. S. 1); cf. *Boyd v. United States* (116 U. S. 616).

³ *McCarthy v. Arndstein*, supra, note 2, pp. 40-41; *Counselman v. Hitchcock* (142 U. S. 547, 562). See also *United States ex rel. Bilokumsky v. Tod* (263 U. S. 149); *United States ex rel. Vajtauer v. Commissioner of Immigration* (273 U. S. 103).

⁴ *Counselman v. Hitchcock* (142 U. S. 547).

⁵ *Wan v. United States*, supra, Note 2; *Anderson v. United States* (318 U. S. 350, 356).

⁶ *Bram v. United States*, supra, Note 2.

⁷ *Anderson v. United States*, supra, Note 5; and see *Bram v. United States*, supra, Note 2.

their fears have lost foundation and the unqualified prohibition against the extraction and use of compelled testimony which they put into the fifth amendment should be repealed or modified.¹³ This view of the desirability of constricting the fifth amendment I am not ready to accept, but were it otherwise I would not consider such a view should play any part in the process of interpretation. I am unwilling to see any constriction of the liberties and the procedural safeguards of these liberties specifically enumerated in the Bill of Rights unless it be by constitutional amendment.¹⁴

The prohibition against compelled testimony which the Court today has seen fit to restrict cannot be dissociated from the other specific protections afforded the individual by the Bill of Rights. The founders of our Federal Government were too close to oppressions and persecutions of the unorthodox, the unpopular, and the less influential to trust even elected representatives with unlimited powers of control over the individual. From their distrust was derived the first 10 amendments, designed as a whole to "limit and qualify the powers of Government," to define "cases in which the Government ought not to act, or to act only in a particular mode," and to protect unpopular minorities from oppressive majorities. 1 Annals 437. The first of the 10 amendments erected a constitutional shelter for the people's liberties of religion, speech, press, and assembly. This amendment reflects the faith that a good society is not static but advancing, and that the fullest possible interchange of ideas and beliefs is essential to attainment of this goal. The proponents of the first amendment, committed to this faith, were determined that every American should possess an unrestrained freedom to express his views, however odious they might be to vested interests whose power they might challenge.

But these men were not satisfied that the first amendment would make this right sufficiently secure. As they well knew, history teaches that attempted exercises of the freedoms of religion, speech, press, and assembly have been the commonest occasions for oppression and persecution. Inevitably such persecutions have involved secret arrests, unlawful detention, forced confessions, secret trials, and arbitrary punishments under oppressive laws. Therefore it is not surprising that the men behind the first amendment also insisted upon the fifth, sixth, and eighth amendments, designed to protect all individuals against arbitrary punishment by definite procedural provisions guaranteeing fair public trials by juries. They sought by these provisions to assure that no individual could be punished except according to "due process," by which they certainly intended that no person could be punished except for a violation of definite and validly enacted laws of the land, and after a trial conducted in accordance with the specific procedural safeguards written in the Bill of Rights.¹⁵ If occasionally these safeguards worked to the advantage of an ordinary criminal, that was a price they were willing to

pay for the freedom they cherished. And one of the specific procedural safeguards which they inserted to shield the individual was the prohibition against compulsion of self-incriminatory testimony.

It is impossible for me to reconcile today's restrictive interpretation of the prohibition against compelled self-incrimination with the principle of broad construction which this Court heretofore has deemed essential to full preservation of the basic safeguards of liberty specifically enumerated in the Bill of Rights. The protections explicitly afforded the individual by the Bill of Rights represent a large part of the characteristics which distinguish free from totalitarian government. Under our constitutional system the privileges it embodies and the rights it secures were intended to be above and beyond the power of any branch of government to mutilate or destroy. We have no assurance that the fears of those who drafted and adopted our Bill of Rights were groundless, nor that the reasons for those fears no longer exist. Ancient evils historically associated with the possession of unqualified power to impose criminal punishment on individuals have a dangerous habit of reappearing when tried safeguards are removed.

This case involves the fifth, not the fourth, amendment. Decisions which have read the fourth and fifth amendments together for the purpose of broadening the fourth amendment should not now be employed to narrow the fifth amendment. To do so ignores the particular reasoning of these decisions as well as the separate language and history of the two amendments. See *Boyd v. United States*, supra; *Counselman v. Hitchcock*, supra; *Brown v. Walker* (161 U. S. 591); VIII Wigmore on Evidence (third ed., pp. 276-304, 368). Nothing this court has said with regard to the fourth amendment requires that we now open the door which the fifth amendment in 1791 closed to compelled self-incrimination.

I would reverse the judgment.

(Mr. Justice Douglas and Mr. Justice Rutledge join in this opinion.)

HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were severally read twice by their titles and referred, or ordered to be placed on the calendar, as indicated:

H. R. 4771. An act to amend the part of the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes," approved June 4, 1920, as amended, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves; to the calendar.

H. R. 4899. An act making appropriations for the Department of Labor, the Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1945, and for other purposes; and

H. R. 4937. An act making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes; to the Committee on Appropriations.

H. J. Res. 286. Joint resolution providing for operation of naval petroleum and oil-shale reserves: to the Committee on Naval Affairs.

AMENDMENT OF THE BUDGET AND ACCOUNTING ACT—AMENDMENTS

Mr. LA FOLLETTE. I ask unanimous consent to submit two amendments to the bill (H. R. 2795) to amend the Budget

and Accounting Act, 1921, to provide for the more efficient utilization and disposition of Government property other than land or buildings and facilities or fixtures appurtenant thereto, and for other purposes, which I ask to have printed and lie on the table and also to have printed in the RECORD.

There being no objection, the amendments were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 8, between lines 23 and 24, insert a new paragraph as follows:

"(2) By sale or lease to people's utility districts and cooperative, nonprofit, or limited dividend associations, the projects of which comply with the requirements of the Rural Electrification Act of 1936."

On page 8, line 24, and page 9, lines 1, 3, 6, and 7, change the paragraph numbers to conform.

On page 9, line 19, before the comma, insert "and of districts and associations included under paragraph (2) of subsection (a)."

On page 9, line 23, after the word "organizations", insert "or to districts or associations included under paragraph (2) of subsection (a)."

RIVER AND HARBOR FLOOD-CONTROL WORKS—AMENDMENTS

Mr. WALLGREN submitted amendments intended to be proposed by him to the bill (H. R. 4485) authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes, which were referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF COMMUNICATIONS ACT—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (S. 814) to amend the Communications Act of 1934, and for other purposes, which were referred to the Committee on Interstate Commerce and ordered to be printed.

EXTENSION OF EMERGENCY PRICE CONTROL AND STABILIZATION ACTS—AMENDMENTS

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to the bill (S. 1764) to amend the Emergency Price Control Act of 1942 (Public Law 421, Seventy-seventh Congress) as amended by the act of October 2, 1942 (Public Law 729, 77th Cong.), which was ordered to lie on the table and to be printed, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. THOMAS of Oklahoma to the bill (S. 1764) to amend the Emergency Price Control Act of 1942 (Public Law 421, 77th Cong.) as amended by the act of October 2, 1942 (Public Law 729, 77th Cong.): At the proper place in the bill add the following:

"Provided, That notwithstanding the provisions of law no agent, bureau, or department of the Government shall be authorized to fix, establish, or maintain any price ceiling on crude petroleum below the parity price per barrel as shall be determined by the application of the parity law 'In the case of all kinds of tobacco except burley and flue-cured.' (Paragraph (1) of (a) of section 301 of subtitle A of title III of 'Agricultural Adjustment Act of 1938,' as amended): And provided further, That the provisions of this paragraph shall be applicable to effect an

¹³ Compare Knox, Self-Incrimination, 74 Univ. Pa. L. Rev. 139 with VIII Wigmore on Evidence, Third ed., pp. 304-313; and see Editorial, 16 Journ. Crim. Law and Crim. 163-166.

¹⁴ See dissenting opinion of Circuit Judge Frank, in *United States v. St. Pierre*, 132 F. 2d 837, 840, pp. 847-848. "Strangely enough, those who are most opposed to any changes in judicial constructions of those designedly elastic clauses of the Constitution are often the most vigorous in their demands that the courts should eviscerate the specific and relatively inelastic self-incrimination clause." Id., 848.

¹⁵ See *Chambers v. Florida*, 309 U. S. 227, 235-238; *Tot v. United States*, 319 U. S. 463, 473.

FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL, 1945

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

SEVENTY-EIGHTH CONGRESS

SECOND SESSION

ON

H. R. 4937

FOREIGN ECONOMIC ADMINISTRATION
APPROPRIATION BILL FOR 1945

DEFENSE AID—LEND-LEASE
UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION

FOREIGN ECONOMIC ADMINISTRATION,
SALARIES AND EXPENSES

EXPORT-IMPORT BANK OF WASHINGTON

Printed for the use of the Committee on Appropriations



UNITED STATES
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WASHINGTON : 1944

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FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL, 1945

DEFENSE AID, 1945

UNITED NATIONS RELIEF AND REHABILITATION
ADMINISTRATION CONTRIBUTION, 1945

THURSDAY, JUNE 8, 1944

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10:30 a. m., Senator McKellar (chairman of the subcommittee), presiding.

Present: Senators McKellar, Russell, Holman, Bridges, and Gurney.

FOREIGN ECONOMIC ADMINISTRATION

STATEMENTS OF LEO T. CROWLEY, ADMINISTRATOR, AND
OSCAR S. COX, GENERAL COUNSEL, FOREIGN ECONOMIC
ADMINISTRATION

LETTER FROM ADMINISTRATOR OF FOREIGN ECONOMIC ADMINISTRATION

Senator McKELLAR. I think at the beginning, Mr. Crowley, we should have in the record a copy of the letter that you wrote me. Then you may proceed.

(The letter referred to is as follows:)

Hon. KENNETH McKELLAR,
*Chairman, Subcommittee on Deficiencies,
United States Senate, Washington, D. C.*

DEAR SENATOR McKELLAR: This is in response to your letter of June 2, in which you asked me to indicate the changes which I deem absolutely necessary in the Foreign Economic Administration appropriation bill for 1945, as reported to the House, together with my reasons for each change.

1. Page 8, line 1: The original budget estimate for 1945 provided for salaries of the Administrator at \$12,000 per annum, one Deputy Administrator at \$10,000 per annum, and four assistants to the Administrator at \$9,000 per annum each. The House Committee on Appropriations changed this to read "Administrator at \$10,000 per annum, and four assistants to the Administrator at \$9,000 per annum each."

Neither I nor the Deputy Administrator provided for in the original language receive salaries from the Foreign Economic Administration, since we are both officers of the Federal Deposit Insurance Corporation and are carried on the pay roll of that Corporation. However, I feel it necessary that there be a provision in the appropriation bill for salaries of an Administrator and a Deputy Administrator in the event that my Deputy or I leave the Foreign Economic Administration and successors be appointed.

A salary of \$12,000 for the Administrator and \$10,000 for the Deputy would be comparable to salaries paid for like positions in the Government.

2. Page 8, line 22: The House Committee on Appropriations recommended an appropriation of \$19,500,000 for all administrative expenses of the Foreign Economic Administration for 1945. This is \$1,381,000 less than the budget estimate of \$20,881,000.

The total funds made available to the Foreign Economic Administration in 1944 were \$46,614,020, while the amount estimated to be obligated by the Foreign Economic Administration in the fiscal year 1944 is \$30,529,328. In other words, in 1944 we expect to use \$16,000,000 less than the amount we had available for use, even though as the House Committee on Appropriations stated in its report, "several additional major operations have been carried out during this year which, because of the course of the war, could not have been foreseen when the 1944 appropriation requests were made." Savings in 1944 have resulted from a personnel freeze which was imposed soon after the establishment of the Foreign Economic Administration, careful checking of prospective expenditures and efficiencies resulting from the consolidation of the foreign economic functions and staffs of 14 different agencies into the Foreign Economic Administration.

Our budget request for 1945 is about \$10,000,000 less than the amount obligated in 1944 and about \$26,000,000 less than the amount available in 1944, although we will have a substantial expansion of several of our existing operations and will be taking on new and additional responsibilities as the war progresses during the coming fiscal year particularly in the foreign field. A good part of this new work is at the request of the military authorities. During the past year we operated with approximately 1,100 less employees than we were authorized to hire by streamlining the organization. Our budget estimate for 1945 of \$20,881,000 was based upon continued operations on a streamlined basis, and we were careful to ask for no funds except those which are absolutely essential. This estimate was carefully calculated and it is the absolute minimum with which we can operate efficiently in the coming year. In fact, since the budget estimate was submitted to the Congress we have been requested by the military authorities to take on new work which we had not anticipated during 1945. A cut of \$1,381,000 from this estimate would adversely affect our operations—operations which are intimately connected with the effective prosecution of the war.

3. Page 8, line 23—page 9, line 3: "* * * of which amount not to exceed \$50,000 shall be available for payment, or reimbursement to employees, as determined by the Administrator, for emergency or extraordinary expenses in connection with operations in foreign countries, without regard to the provisions of law regulating the expenditure, accounting for, and audit of Government funds."

The Budget estimate provided \$100,000 for this purpose; the House Appropriations Committee recommended \$50,000. This provision is to meet certain exceptional situations which arise in the operations which we carry on throughout the world, including tropical areas and theaters of military operations. These include the procurement of special equipment and supplies to safeguard the health and insure the safety of personnel engaged in extremely hazardous assignments. There are also hardship cases involving employees who may become ill or injured on assignments in out-of-the-way places, thereby requiring emergency hospitalization, transportation, and the special type of care which private employers ordinarily provide under similar circumstances. Sometimes, in our extremely secret economic warfare work, it is essential to charter an airplane to go from one place to another. These are the kinds of expenditures that are contemplated. I do not expect that they will amount to any great sum.

For these reasons it was requested that I be given authority to take care of these situations as they arise and as I may determine necessary, but within the limit of \$100,000. I do not believe that the \$50,000 which is provided for in the bill as reported back to the House will be sufficient to meet these problems.

4. Page 10, line 14: The Export-Import Bank of Washington, a constituent part of the Foreign Economic Administration, customarily meets all of its administrative expenses out of earnings by congressional allocation. Earnings for 1943 were \$7,635,000. The allocation for administrative expenses as fixed by the House Committee on Appropriations is \$325,000—\$32,200 less than the Budget estimate.

On page 28 of the report of the committee it is stated that the \$325,000 recommended by the committee is "an increase of \$16,400 over 1944 funds." Apparently, however, the committee failed to note that a deficiency appropriation of \$7,000 was made in 1944, so that the increase recommended by the House committee is only \$9,400 rather than \$16,400.

Because of the increase in the business of the bank and the urgent necessity for obtaining additional personnel to handle important projects already commenced, it is necessary to restore the full amount recommended by the Budget, that is, \$357,200.

In addition to the changes I consider important in the bill as reported to the House, there are two further changes which I think are necessary in the bill as it passed the House.

5. Page 5, line 11: After the figure \$450,000,000 on page 5, line 11, the House added the following amendment: "not to exceed \$21,700,000 shall be available for procurement of 61,700,000 pounds of raw wool from stock piles of the United States Government existing on the date of the approval of this act, and \$43,200,000 shall be available for procurement of 345,500 bales of cotton now owned by the Commodity Credit Corporation."

This amendment was intended to require that all raw wool and raw cotton needed for United Nations Relief and Rehabilitation Administration purposes and paid for out of this Government's contribution to United Nations Relief and Rehabilitation Administration be purchased in this country in order to reduce the surplus which overhangs the domestic market. This has, in fact, been the intention of Foreign Economic Administration as we advised the House Appropriations Committee. Although I am sympathetic with the purpose of this amendment, it deals with an essentially administrative matter and the extension of such legislation to other commodities would seriously hamper the proper administration of United Nations Relief and Rehabilitation Administration's funds. For this reason I believe this amendment should be eliminated from the bill.

In addition, I do not believe that the amendment accomplishes its intended purpose. As I interpret its language, while it does not require that the full amount of the specified sums be devoted to raw wool and raw cotton if the amounts stated are in excess of United Nations Relief and Rehabilitation Administration's actual needs, it does, nevertheless, place a maximum limitation on the amounts that can be spent for purchases of wool and cotton out of Government stock piles. Thus its effect is directly contrary to the purpose it was designed to accomplish.

The figures contained in the amendment were drawn from the budget estimates with respect to raw wool and raw cotton. As was explained to the House committee, however, these estimates are only tentative and the actual requirements may vary. If, as is entirely possible, United Nations Relief and Rehabilitation Administration's requirements for raw wool and raw cotton should prove to be greater than these tentative estimates, the effect of the amendment will be to prevent the use of funds furnished by the United States Government to purchase the additional quantities out of Government stock piles and to force United Nations Relief and Rehabilitation Administration to purchase such additional quantities outside the United States from funds contributed by other governments.

There is another feature of this amendment which would cause difficulty. It provides that the wool purchased shall come from stock piles "existing on the date of the approval of this act" and that the bales of cotton are to be those "now owned by the Commodity Credit Corporation." It has always been expected that raw wool and raw cotton would be drawn from Government stock piles, as such wool and cotton is required by United Nations Relief and Rehabilitation Administration. If Government stock piles of wool or the cotton owned by the Commodity Credit Corporation are increased, the amendment might conceivably prohibit purchases of the amounts added to the Government stocks after the passage of the bill.

6. Page 6, line 18: Section 202 of the bill as submitted by the committee was omitted by the House. It was rejected under a point of order and an attempt to restore the substance of the section was defeated on a teller vote.

Section 202 provided that, in addition to the direct appropriation of \$450,000,000 to United Nations Relief and Rehabilitation Administration, the President may transfer up to \$350,000,000 of lend-lease supplies, services, or funds for United Nations Relief and Rehabilitation Administration purposes. It was further provided that this authority should not become effective until the Joint Chiefs of Staff had issued a certification that the state of the war permitted the exercise of the authority.

The Foreign Economic Administration in consultation with United Nations Relief and Rehabilitation Administration initially agreed that \$1,000,000,000 of appropriated funds would be necessary for the coming fiscal year. After discussions with the House Committee on Appropriations it was determined that the Congress should be requested to make available \$800,000,000, divided between a direct appropriation of \$450,000,000 and the authority to transfer \$350,000,000 of funds or supplies as provided in section 202.

This transfer authority is necessary because, as the report of the House committee makes clear, the direct appropriation of \$450,000,000 will not be enough to enable United Nations Relief and Rehabilitation Administration to meet the situations with which it will be confronted. The \$450,000,000 will be sufficient for the procurement of only those necessary goods which take considerable time to obtain and other essential goods which are on the market seasonally. The budget which was submitted to the Appropriations Committee of the House was based on the assumption that commodities which could be procured either from Government stock piles or quickly on the commercial market should be obtained out of funds or supplies provided under the transfer authority. In this connection, it should be pointed out that the budget did not contemplate the purchase of any raw wool or cotton out of the \$450,000,000 directly appropriated, since those commodities are available in Government stock piles. With the transfer authority eliminated, any purchases of raw wool or cotton for United Nations Relief and Rehabilitation Administration, if they can be made at all, can be made only at the expense of forward purchasing of absolutely essential goods which take substantial time to procure.

The transfer authority provided in section 202 was based on the assumption that, as large areas are liberated and as the need for civilian supplies in such areas increases, the need for lend-lease assistance may be expected to diminish. It was in a sense an economy measure in that it reduced the over-all amount of appropriations for lend-lease and United Nations Relief and Rehabilitation Administration purposes. If section 202 should be eliminated, however, it would be necessary to return to Congress for an additional United Nations Relief and Rehabilitation Administration appropriation.

The fall of Rome and the invasion occurring in such rapid succession make it clear that if this country is to fulfill its assurances of friendship and assistance to the areas under German domination, United Nations Relief and Rehabilitation Administration must be fully supported. The elimination of the transfer authority in section 202 would cripple its operations at a time when events have demonstrated that full preparations for relief must be promptly undertaken.

I appreciate very much your having given me the opportunity to present my views with regard to these changes and wish to take advantage of your offer to afford us a hearing at which we can supply further details.

In your letter you state that it is the intention of your subcommittee to take this bill up soon after its passage through the House. I am entirely in accord with this, of course, and wish to cooperate in every way so that action on this bill may be completed as soon as possible.

Sincerely yours,

LEO T. CROWLEY, *Administrator.*

Mr. CROWLEY. I have a statement here, Mr. Chairman, which has been furnished the members of the committee. I would be very happy to put it in the record, if you would like to have it, and then we can present orally to you anything you may wish.

Senator McKELLAR. You may read the statement, or it may appear in the record at this point, as you wish.

Mr. CROWLEY. The funds requested in this bill are necessary for the conduct of the war. They are needed for lend-lease supplies and services; for the United States contribution to the United Nations Relief and Rehabilitation Administration and for the administrative expenses of the Foreign Economic Administration in carrying out these programs. In addition, these funds are necessary to enable the F. E. A. to continue its economic warfare and analysis work, its procurement of strategic and critical materials for war production and its control over exports.

LEND-LEASE PROGRAM

As the United Nations armies go forward in the liberation of Europe, they will strike the enemy with more powerful blows as a result of the lend-lease—mutual-aid program. Before the adoption of the Lend-Lease Act in March 1941, Hitler had boasted that the United

States would not aid the nations resisting Axis aggression. After the passage of the Lend-Lease Act, he maintained that Nazi submarine, surface, and air attacks would prevent the products of American industry from reaching the battle fronts. And until December of 1941, he said that we in the United States were too uninterested and too soft to fight.

We have mobilized the tremendous striking power necessary for the invasion of western Europe, and American, British, Canadian, and other Allied forces have established the first beachheads on the Continent. Everyone—including the German people—know the facts now. But the greatest battles and heaviest fighting of the war are still ahead. Now, above all times, it is a matter of life and death that we give to our 5,000,000 fighting men overseas everything they need in fullest measure. And it is equally vital to our own armed forces that the Allied armies who are fighting by their side have the lend-lease war supplies they need to give them the greatest possible striking force in the months ahead.

TOTAL LEND-LEASE AID FURNISHED

From the passage of the Lend-Lease Act in March 1941, to May 1, 1944, the United States furnished to its allies \$25,509,000,000 of lend-lease aid. This lend-lease aid consisted of \$13,766,000,000 of munitions; \$5,371,000,000 of industrial material and supplies; \$3,308,000,000 of foodstuffs and other agricultural products; and \$3,062,000,000 of essential services. About 97 percent of lend-lease aid as of May 1, 1944, had gone to the Soviet Union, the British Commonwealth, and China.

LEND-LEASE FULFILLING VITAL FUNCTION

Lend-Lease is fulfilling a vital function in the war against the common enemy. The munitions of war we have lend-leased, such as tanks, planes, and guns, have been used by our allies to kill enemy soldiers by the thousands. They have used lend-lease industrial materials to produce more weapons of war for use by their armed forces and our own. They have used the foodstuffs we have sent them to maintain the fighting strength of their soldiers and the working strength of their people. The essential services we have rendered in the form of rental and repair of ships and the ferrying of aircraft have helped bring the war supplies to the fighting fronts.

The munitions, food, services, and industrial material sent to the other United Nations have been combined with their fighting manpower so as to create in effect whole new armies to join with our own in the offensives against the Axis Powers. In terms of German and Japanese lives destroyed, and American and other United Nations lives saved, the benefits we have already received and will continue to receive from lend-lease are immeasurable.

REVERSE LEND-LEASE

Nor has lend-lease been at all one-sided even in the sense of war supply. Our allies have furnished us through reverse lend-lease with an ever-increasing amount of our own war requirements. By the first of this year we had already received reverse lend-lease aid from the British Commonwealth alone that cost them over \$2,000,000,000.

Under this reverse phase of lend-lease our allies have supplied and are supplying our soldiers stationed abroad with virtually all their needs for supplies and facilities that can be locally procured, without payment by us.

The total lend-lease appropriation request for the coming fiscal year of \$7,189,000,000 represents war supplies urgently needed by the lend-lease countries. Only \$3,451,000,000 of this amount consists of new funds. These supplies include industrial materials and equipment for war production, petroleum products for the United Nations armed forces, foodstuffs for Allied armed forces and war workers, and shipping services necessary to maintain the flow of supplies to our allies on the fighting fronts. Those funds are as necessary as the funds for finished munitions and ships, which are supplied to the lend-lease countries by the War and Navy Departments and Maritime Commission out of appropriations made directly to these Departments.

The requirements upon which the appropriation request is based have been carefully reviewed by the Foreign Economic Administration. They represent minimum needs which can be met out of available supplies and under prevailing shipping conditions, with due regard to the needs of our own armed forces and civilian population. Our representatives abroad have also checked the requirements, on the spot, in the light of their detailed knowledge of local supplies and needs. The requirements have been submitted to other Government agencies, such as the War Production Board in the case of industrial materials, the War Food Administration in the case of foodstuffs, and the War Shipping Administration in the case of shipping services. We have been advised by these other interested agencies that the lend-lease program for the fiscal year 1945 is reasonably capable of fulfillment.

Lend-lease aid in the coming months will be more vital than ever to winning complete victory over the enemy in the shortest possible time. It is essential to the security of the millions of American fighting men overseas and to the liberation of freedom-loving people throughout the world. The assurance that a steady and increasing flow of lend-lease aid will be forthcoming will enable the United Nations armies in the field to carry out the all-out attacks which will speed victory.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Lend-lease funds provide the supplies needed by our allies to wage the war. But funds for U. N. R. R. A. are also important to winning the war. They give assurance to those still struggling for freedom inside the Nazi prison fortress that their fight for liberation, when won, will mean freedom to build a new life and not freedom to face ruin, starvation, and disease. This assurance will shorten the war as well as help lay the basis for a sound peace.

This war is a global war and relief for its victims presents a world problem. Through U. N. R. R. A. each of the 44 United and Associated Nations which have not been occupied by the enemy will contribute in accordance with its ability to those who have been the victims of the Nazis and the Japanese. Already the United Kingdom has made its full contribution of \$320,000,000. Canada has made available \$10,000,000 of its contribution of \$90,000,000, and is appropriating the balance. Iceland has made a partial contribution of \$50,000, and the other members of U. N. R. R. A. are taking steps to

make their share available. Twenty-five nations have given toward the administrative expenses of U. N. R. R. A.

A glance at the map of Europe will illustrate the gigantic scope of the task now facing U. N. R. R. A. To the west, our armies have already liberated the first few of many thousands of French towns and villages. To the east, the Russian armies have already penetrated Poland and Czechoslovakia and are poised to make new offensives against the Nazis and their satellites. Caught between the blows of our Russian ally and our combined Mediterranean forces advancing rapidly up the Italian Peninsula past Rome, Hitler's Balkan bastion lies dangerously exposed and may have to be evacuated by his forces.

In Yugoslavia, Greece and Albania alone, there are almost 25,000,000 people who for 4 long years have suffered the wanton destruction of their cities, crops, and tools. They are on the verge of starvation. In Czechoslovakia there are over 15,000,000 people and in Poland there are nearly 35,000,000 who must look to their liberators for many of the essentials necessary to sustain life, including food, clothing, and medical care. The western European countries, including Norway contain 62,000,000 people whose immediate needs will also be very great.

How soon U. N. R. R. A.'s active operations will begin in each of these countries will depend, of course, on the progress of military operations. These cannot be forecast. U. N. R. R. A.'s operations may begin 3 weeks or 3 months or more from this day.

Although the Army is prepared, in areas where United States forces are active, to undertake relief operations for the initial military period, it is intended that the United Nations armies will relinquish this task as quickly as military operations make this possible. The enemy may even withdraw without fighting in order to shorten its lines in some areas, such as the Balkans. In such circumstances U. N. R. R. A. might be called in almost immediately. Accordingly, even without a general collapse, which would, of course, accelerate extensive U. N. R. R. A. operations, it is clear that U. N. R. R. A. will be operating in some areas very soon, even though the armed forces may be providing military relief in other areas for a considerable period.

Some of the liberated countries may be able to pay out of their own assets in gold or foreign exchange to a large extent for the supplies which their civilian populations will require. These are, generally speaking, the countries of western Europe. In these countries, however, while U. N. R. R. A. will not have to assume the full burden of supplies, it will have many services to perform.

One of the great tasks of U. N. R. R. A. will be to care for and resettle the displaced persons of Europe, the refugees, enslaved workers, political exiles, and prisoners of war. It is estimated that there are 20,000,000 of these persons scattered over the face of Europe, including between three and four million children. Most of them are strangers in a strange land. They are without funds, food, or clothing. The task of caring for them and of returning them to their homelands as soon as conditions permit is a gigantic one, which must be handled in a unified way throughout the whole of Europe.

Another service which U. N. R. R. A. must render is to combat the spread of pestilence and disease which even now threatens certain parts of Europe, and which constitutes an increasing menace as the

organization of the enemy collapses. U. N. R. R. A. is preparing to send in doctors and medical supplies, and to rehabilitate the public-health services of Europe. This is a task which it will perform in western Europe as much as in eastern Europe.

In the Balkans, in Czechoslovakia, in Poland, and possibly in the liberated portions of Italy, U. N. R. R. A. will probably have to assume as well the major burden of the relief supplies which these countries will need.

The objective of U. N. R. R. A. will not be to reconstruct or rehabilitate those areas in any long-range sense, but simply to meet the essential immediate requirements of the liberated populations for food and clothing, medical supplies and shelter, and for the tools and equipment needed to enable them to meet their own essential needs by their own efforts. To the extent that the liberated countries have goods and productive facilities, they will use those goods and facilities for their own needs and for the needs of their neighbors. U. N. R. R. A. will merely supplement the resources which are not otherwise available.

While calculations of the dollar value of the total needs are necessarily only rough approximations, it has been estimated that the total essential import needs of the liberated areas for the first 18 months will be $7\frac{1}{2}$ billion dollars. The magnitude of this estimate as compared to the total resources which will be available to U. N. R. R. A. from all sources—some \$2,000,000,000—emphasizes the fact that by far the greater part of the consumption needs of the liberated peoples will have to be met from their own funds after they have received the necessary goods and tools to sustain life.

Out of the United States authorization of \$1,350,000,000, the F. E. A. is asking at this time a total of \$800,000,000. The basis upon which this estimate was calculated is contained in detail in the tables in the binders. This \$800,000,000 is the estimated minimum contribution by the United States necessary to provide for the first 6 months of active operations by U. N. R. R. A. Of this amount \$450,000,000 will be needed to initiate at once advance procurement of those supplies of food, clothing, and other necessities that must be bought ahead of time if they are to be on hand when they are needed. The balance of \$350,000,000 will be needed to provide for other supplies of food, clothing, and other necessities which are equally essential to the first 6 months of active relief operations by U. N. R. R. A., but which do not have to be bought before active operations begin, because they can be obtained quickly from existing stocks or from current market supplies. I explained to the House committee that I felt that this latter amount could be provided by an authority to transfer funds, supplies, and services available under the Lend-Lease Act, on the assumption that lend-lease needs would begin to decline when U. N. R. R. A.'s needs in liberated areas expanded.

This \$350,000,000 is as necessary as the direct appropriation of \$450,000,000. Without it U. N. R. R. A. cannot carry out its program. The budget upon which our estimates are based provides that all the flour for bread, all of the canned meat, all of the lard, all of the raw wool, all of the cotton, and all of the medical supplies which have been budgeted for U. N. R. R. A. are to be obtained from the \$350,000,000. As you know the authority to transfer this amount was eliminated on the floor of the House because in the form presented it

was ruled to be subject to a point of order. Unless the whole \$800,000,000 is made available by the Congress, we must use a portion of the \$450,000,000 for these essential supplies. In that event we could not obtain for U. N. R. R. A. what it needs as seasonal surpluses become available, nor could we put into procurement articles which require months to produce and which must be contracted for now if they are to be available when needed. Whether this additional \$350,000,000 is to be made available in the form of a direct appropriation or through a transfer authority is a matter for the committee to decide. The transfer authority which we proposed to the House enabled the total amount of lend-lease and U. N. R. R. A. appropriations to be reduced.

The entire U. N. R. R. A. program has been pared to the essentials for a minimum balanced relief program. Unless the \$350,000,000 which was eliminated in the House is made available almost half of the supplies needed for the first 6 months of operations cannot be procured and effective operation of the program will be impossible.

There are 136,000,000 people in the occupied countries of Europe who have maintained their heroic underground resistance to the Nazis for 4 years or more in spite of indescribable hardships and sacrifices. They are looking to U. N. R. R. A.—the first United Nations organization—to help them to help themselves in the wake of the liberating armies, who will provide for relief only during active military operations.

It is already late. Any action now by the United States, whatever its intention may be, which resulted in crippling U. N. R. R. A. in advance would be a terrible blow to the morale of the peoples of occupied Europe. It would hand Goebbels a powerful propaganda weapon that might result—by prolonging the fighting—in unnecessarily costing thousands of additional lives of American boys.

I believe that it is essential that the Congress, on due consideration of what is at stake for our own troops and for the successful liberation of Europe provide the full amount of \$800,000,000 for U. N. R. R. A. to undertake the responsibilities which the United States and the other United and associated Nations have assigned to it.

FOREIGN ECONOMIC ADMINISTRATION ADMINISTRATIVE BUDGET

In addition to its responsibility for the Lend-Lease and U. N. R. R. A. programs, the F. E. A. engages in other foreign economic activities of vital importance to the prosecution of the war. These, too, are contributing to the success of the invasion of Europe and of the other combined United Nations offensives in other parts of the world.

ECONOMIC WARFARE PROGRAM

The F. E. A., in collaboration principally with the armed forces and the British Ministry of Economic Warfare, is responsible for our economic warfare operations. One aim of economic warfare is to ascertain the enemy's economic potential. The Intelligence Division of our Economic Warfare staff pieces together bits of information it obtains from numerous sources and develops a comprehensive picture of the enemy's war economy, its weak and strong points. The results are conveyed to the armed forces which consider them in determining

targets for air bombardment, in effectuating the naval blockade, and in planning long-term military strategy and production requirements. Important economic weapons are wielded by the F. E. A. itself. Through war trade agreements, neutrals recognize our blockade of the enemy and accept controls over their trade. Foreign firms connected with the enemy are cut off from our trade through blacklists. Preclusive buying in neutral countries deprives the enemy of sorely needed raw materials. Through economic intelligence information and the instruments of economic as well as military warfare our foe's capacity to produce for war is undermined.

FOREIGN PROCUREMENT AND DEVELOPMENT PROGRAM

One of the F. E. A.'s most important functions is to procure from foreign sources strategic and critical materials which we lack or do not have in sufficient quantities for our war production. The guns and planes and tanks and ships that are today being manned by our invasion forces could not have been fabricated without these raw materials.

The Foreign Economic Administration and its predecessor agencies have conducted a world-wide materials search. Jungles and mountains in many inaccessible corners of the earth have been combed by our technical experts, botanists, foresters, engineers, and scientists. Existing sources of supply have been expanded and new ones developed. Information contained in the binders before you show the nature and extent of this activity but a few illustrations will give you some understanding of this work.

We have started abaca plantations in Central America for manila fiber, obtained quinine from wild cinchona trees in Latin-American jungles, developed fluorspar deposits in Mexico for steel furnaces, purchased mica in South America and India and quartz crystals in Brazil for radio and radar, rushed optical calcite from Mexico and Africa for a secret weapon. So, also, tin, tungsten, zinc, and other important commodities have been procured from various parts of the world for munitions and other Army and Navy supplies. The public procurement program for the fiscal year 1944 is estimated at \$1,000,000,000 and in 1945 it will increase.

EXPORT CONTROL PROGRAM

In other wars the carrying on of trade with neutrals and in some cases with the enemy undermined the war strength of this country and its allies and strengthened that of the enemy. In this war we have applied the lessons of history by maintaining strict control of our exports. The conservation of our resources for our own war production is the first objective of our export control program. In addition, this program serves to direct the flow of those essential supplies we can spare from our own war effort to the places and the uses where they will do the most good for the war effort of our allies. At the same time, export control assures so far as possible that commercial exports leaving this country do not fall into enemy hands. We know, even if we cannot measure its precise effect, that this program has weakened the resistance of the enemy to our fighting forces.

We permit only those goods to be shipped abroad commercially that do not interfere with production for our own armed forces and

for the armed forces of our allies. The need of other countries for such goods is also carefully examined in relationship to the needs of our own civilian population and the possibility of obtaining these supplies from other sources. In addition, such exports are controlled in terms of the availability of shipping.

Applications for export licenses are increasing as shortages ease and shipping becomes available. In 1943 approximately 1,000,000 export documents were acted upon. During the first quarter of 1944, 466,000 export documents were processed, an annual rate 85 percent higher than in 1943. This trend is expected to continue during the coming fiscal year.

ADMINISTRATIVE EXPENSES

To carry out these foreign economic activities the 14 constituent agencies which were consolidated into F. E. A. had available \$46,614,020 for administrative expenses in 1944. Administrative costs, however, have been reduced as a result of the consolidation, and we expect actually to use only \$30,529,328 during the fiscal year 1944, or \$16,000,000 less than the amount made available by Congress.

Our budget request for 1945 as presented to the Congress was \$20,881,000—about \$10,000,000 less than the amount we expected to obligate in 1944 and \$26,000,000 less than the amount that was available to F. E. A. in 1944. This figure was based upon continued operations on a streamlined basis, and we were careful to ask for no funds except those absolutely essential. This amount would permit us to maintain approximately our existing personnel force—1,100 fewer domestic employees than were authorized for those functions in the budgets of the constituent agencies—and our existing rate of expenditures. In May 1944 our administrative expense obligations were approximately \$1,741,000. Projected on an annual basis, this would total approximately \$20,900,000. To this must be added \$500,000 for expenditures of a confidential character and \$1,532,456 for transfers to other agencies as set forth in the budget submission. Thus, to maintain our present staff in 1945 we need approximately \$22,930,000. Since \$2,050,730 is expected to be transferred from the United States Commercial Company to the Foreign Economic Administration for expenses which are chargeable to U. S. C. C., the net requested appropriation of \$20,881,000 is necessary. The bill as passed by the House provided a total of \$19,500,000. We cannot properly carry on our present operations and do the several new jobs for which we have been made responsible unless the cut of \$1,381,000 is restored.

The importance of our new work cannot be overemphasized. While relief is supplied by the Army to liberated areas during the period of active military operations, F. E. A. will have the job of assisting the Army in determining local requirements and in procuring the necessary goods. Apart from relief work in these areas we anticipate other and heavy responsibilities in the liberated areas—some of which we had not even anticipated in submitting our budget. For example, we asked for funds for only 100 employees for work within the liberated areas. Even before the Congress had time to complete action upon this budget the Allied Control Commission in Italy asked us to send 42 technicians to Italy immediately. In addition the Army wants us to substitute our civilian personnel for its military personnel in Southern Italy. We will be called upon to supply approximately 150 people

in Italy alone. Thus demands from only one country of Western Europe will require more personnel than are provided for in the budget for all liberated areas.

When the budget was prepared for submission to Congress, the invasion was merely a possibility. It has now become a fact. In the face of the imminent personnel requirements which the reoccupation of Europe makes necessary both in the field and in Washington, it is imperative that provision be made for adequate personnel. Even with the restoration of the \$1,381,000 which the House eliminated; however, the committee should understand that we shall probably have to return to Congress for additional funds during the fiscal year if our armies are successful in the field as we hope they shall be.

Another result of successful military operations will be the intensification of our work in connection with the disposition of surplus property abroad. This work is so far only in the planning stage but we must have experienced and qualified men to work in developing policies, programs, and procedures for the disposition of these commodities in a way that will result in the maximum benefit to the United States and the minimum dislocation of our economy. Policies and procedures carefully worked out now will save the United States millions of dollars tomorrow.

Another additional job we shall have is the establishment and maintenance within F. E. A. of a clearing office for foreign accounts and reports. This office is being set up as the result of a suggestion made by a member of this committee during the hearings on the last lend-lease appropriation, and it is in line with the recommendations of a report made to this committee by the Director of the Bureau of the Budget. The functions of the office include the development of forms and procedures to assure that all necessary information on foreign expenditures of the United States Government is available. This clearing house will compile information on transactions on account of international aid, relief in liberated areas, procurement abroad, lend-lease aid, loans and financial aid and all other Government outlays and expenditures abroad and receipts from abroad. It will also maintain an inventory on military and nonmilitary installations, improvements and stock piles abroad. For the first time there will be available in one place a complete record of all United States transactions abroad.

Our appropriation bill provides that—

* * * not to exceed \$50,000 (of our appropriation) shall be available for payment, or reimbursement to employees, as determined by the Administrator, for emergency or extraordinary expenses in connection with operations in foreign countries, without regard to the provisions of law regulating the expenditure, accounting for, and audit of Government funds.

The Budget estimate provided \$100,000 for this purpose; the House Appropriations Committee recommended \$50,000. This fund is needed to meet certain exceptional situations which arise in the operations which we carry on throughout the world, including tropical areas and theaters of military operations. The money will be used to procure special equipment and supplies to safeguard the health and insure the safety of personnel engaged in extremely hazardous assignments. It will also be used to take care of hardship cases involving employees who may become ill or injured on assignments out-of-the-way places, thereby requiring emergency hospitalization, transportation, and the special type of care which private employers

ordinarily provide under similar circumstances. Sometimes, in our extremely secret economic warfare work, it is essential to charter an airplane to go from one place to another. These are the kinds of expenditures that are contemplated. I do not expect that they will amount in total to more than \$100,000. I do not believe that the \$50,000 which is provided for in the bill as reported back to the House will be sufficient.

CONCLUSION

As the intensity of the fighting reaches its peak on the beachheads of Europe and we progress toward the centers of Japanese resistance in the Pacific, the job of F. E. A. takes on greater and greater proportions. Lend-lease aid is at new high levels. The immense job of relief for victims of war in liberated areas is daily becoming greater; war materials abroad must be brought to this country in greater amounts than ever before to feed our war production machines, now producing at an unparalleled rate; and until victory is won we must know more and more about the enemy's economy so that through every means at our command we can undermine and destroy it.

Senator McKELLAR. Now, Mr. Crowley, if you will tell us just what is on your mind.

Mr. CROWLEY. We had very extensive hearings in the House which lasted for several days, and we have provided each member of the committee with the binders that cover the information that we gave to the House.

REDUCTION MADE IN OPERATING EXPENSES

In submitting our request for appropriations, we did not increase our estimate of operating expenses above the present level despite our responsibility for some very important additional duties. For instance, the disposition of foreign surplus materials will be under the control of the Foreign Economic Administration. How much these surpluses will amount to is questionable, but it is reasonable to assume that they will run into several billions of dollars. In addition, the Foreign Economic Administration will have control of the domestic surpluses that are sold for foreign consumption. Furthermore the F. E. A. will be working with the armed forces and U. N. R. R. A. on relief and rehabilitation work for the liberated countries or territories.

DIVISION OF FUNCTIONS BETWEEN U. N. R. R. A. AND FOREIGN ECONOMIC ADMINISTRATION

Senator BRIDGES. How do you divide between where the U. N. R. R. A. will function and where you come in?

Mr. CROWLEY. Will you explain that, Mr. Cox?

Mr. COX. During the period of military operations, when the degree of military control is such that the Army does not want civilians in, the essential civilian supplies that are necessary in connection with military operations will be financed and furnished by the War Department in areas where we have a substantial number of troops. Those supplies will be furnished for a variety of military reasons; either to assist the oppressed people to join in the fighting, or to join in other war

activities, or to keep the situation behind the lines in repose, that is, to assure that there are no interruptions to our supply lines as a result of espionage, sabotage, riots, or other related factors dealing with the military situation. Then there are likely to be other areas on the continent of Europe, for example, where there are not a substantial number of American troops, but where United Nations armies will operate. F. E. A. may be requested to supply certain essential civilian supplies through lend-lease in connection with military operations in these areas in addition to any war production supplies that may be needed.

ENTRANCE OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION INTO AN AREA DEPENDENT ON DETERMINATION OF THEATER COMMANDER IN THAT AREA

The U. N. R. R. A. agreement provides, and the contemplated procedure is, that U. N. R. R. A. will not go into any area unless and until the theater commander and the military authorities make a determination, in fact, that the situation is such that they can go in, and request them to go in. They will have no power to operate in any area of military operations until the Army decides that the degree of military control is such that U. N. R. R. A. can operate.

Senator McKELLAR. Just as an illustration: you are now going into that portion of southern Italy that has been taken over? Or what is that situation?

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION HAS NOT YET ENTERED SICILY AND ITALY

Mr. Cox. That is a good illustration, Mr. Chairman. The Army has indicated that in the case of Sicily and southern Italy the conditions are fast approaching the point where a civilian agency can go in. The U. N. R. R. A. agreement provides that no aid can be supplied to a former enemy country through U. N. R. R. A. unless the Council specifically approves it.

Senator GURNEY. Which council?

Mr. Cox. The Council of U. N. R. R. A.

Senator McKELLAR. And they have not approved it for Sicily or Italy?

Mr. Cox. No; not as yet.

Senator McKELLAR. They have no agents in there, then?

Mr. Cox. No.

Senator GURNEY. The Army is still in charge there?

Mr. Cox. Yes, sir.

QUESTION AS TO HOW LONG LEND-LEASE AND UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION AID WILL CONTINUE

Senator BRIDGES. How long do you believe, Mr. Cox, this would continue? How long, in fact, do you think this provides the aid under the set-up you describe?

Mr. Cox. That depends. Take the situation in France, which may be contrasted with the situation in Sicily and southern Italy. Obviously, as it moves on from its beachheads the Army will make supplies available to French civilians so that they can either join in

fighting or assist the Army in unloading at the ports, or in reconstructing transportation facilities, and so forth. If Germany should get knocked out of the war and collapse, I would think the period of military control in France, insofar as the Army would make supplies available, would be far shorter than if there was inch by inch fighting.

Senator BRIDGES. What I want to get at is a general picture, looking to the future, how long do you expect these types of aid—first, lend-lease, then the other types—will continue? Lend-lease, as the termination of hostilities approaches, will perhaps automatically decline.

Mr. Cox. Yes.

Senator BRIDGES. What will be the case with the other services that are rendered?

Mr. Cox. I don't quite get what you mean by the other services.

Senator BRIDGES. Well—

Mr. CROWLEY (interposing). What he means is how long will relief and rehabilitation continue.

Senator BRIDGES. I mean, what are the relationships?

Mr. CROWLEY. Our general philosophy is that we are engaging in a temporary operation which is designed to enable the liberated people to get on their feet so that they can help themselves in the long range task of reconstruction that lies ahead. And we contemplate that they will have to do 90 percent of the relief job themselves in any event. The U. N. R. R. A. authorization bill extends only to June 30, 1946. All we shall be trying to do is to meet the emergency and help these peoples to get started back to a self-supporting basis as quickly as possible.

Senator BRIDGES. Fill in the gap.

Mr. CROWLEY. That is right.

PROMISE OF LONG-TIME PROGRAM NOT BEING MADE

Senator HOLMAN. It is your purpose to make it as temporary as possible?

Mr. CROWLEY. That is right. The main responsibility for this whole thing must be the that of the local government in the area.

Senator BRIDGES. Are you, through your representatives, and through appropriate agencies of government, making that quite clear to the countries involved, that we are not in for any long-time help, but that it is temporary assistance? The reason I ask that question is that I have been told that many of these people look on this assistance as rather a long-time proposition. I wonder what steps you are taking along that line.

Mr. CROWLEY. I certainly agree that the worst thing that we could do to these stricken people would be to leave the impression with them that their lot in life is going to be relieved 100 percent by what we can do for them.

Senator BRIDGES. I feel so, too.

Mr. CROWLEY. Everything we do with the local people and the local government will be with the thought of not deceiving them, or getting ourselves involved in something that may get us in away over our heads.

Senator BRIDGES. Do you tell them quite frankly about that? Do you have a policy of that nature?

Mr. CROWLEY. Yes.

Mr. COX. The U. N. R. R. A. Act itself runs only until July 1, 1946.

Mr. CROWLEY. I meant so far as F. E. A. is concerned.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
EMPHASIZED AS TEMPORARY EMERGENCY MEASURE

Mr. COX. At the U. N. R. R. A. Conference this problem was discussed at great length, and the central emphasis was that U. N. R. R. A. was a temporary emergency organization. The U. N. R. R. A. Council passed several resolutions dealing with rehabilitation, defining it so as to make it coterminous with relief. These resolutions make it clear that this work does not involve a long-range proposition.

EXTRACT FROM HOUSE REPORT ON MILITARY AID UP TO TIME UNITED
NATIONS RELIEF AND REHABILITATION ADMINISTRATION ENTERS AN
AREA

Senator McKELLAR. I want to call attention to a statement in the report on the military bill in the House hearings, at page 12, in reference to what we are doing in occupied countries.

The estimate assumes military responsibility for a period of approximately 6 months. * * * Disbursements by the Army for such purposes during the current fiscal year are estimated to aggregate about \$88,000,000. These are occasioned by the occupation of Sicily and areas in Italy, and practically all of them have been or will be reimbursed in local currency. * * * On the subject of military and United Nations Relief and Rehabilitation Administration civilian relief, Assistant Secretary of State Dean Acheson, referring to the military disbursements, indicates that it was a fair assumption that half of the \$562,556,900 might be recouped in that way.

Have you any plans about how you will manage that, after the military gets out?

Mr. CROWLEY. We are working on this problem, Senator, insofar as lend-lease supplies may be involved.

POLICY OF OBTAINING REIMBURSEMENTS FROM LOCAL GOVERNMENTS
WHERE POSSIBLE

Senator McKELLAR. I should think, perhaps, the local authorities could help out very much.

Mr. CROWLEY. We are now working on a plan that we hope will enable us to be reimbursed to some degree for any lend-lease relief supplies by the local governments.

Mr. COX. In all cases where the country can pay, in either gold or dollars, payment will be obtained. In those cases where the country does not have a foreign exchange these essential supplies will be paid for, in whole or in part, in local currency. Of course, insofar as U. N. R. R. A. supplies are involved the local currency receipts will be used by U. N. R. R. A. for its local expenditures.

Senator McKELLAR. The fact, if it is a fact, that they will be able to get back about one half of the \$562,000,000 is a very pertinent fact, so far as our expenditures are concerned.

QUESTION AS TO PLANS MADE FOR HANDLING OF MATERIALS AND SUPPLIES AFTER TERMINATION OF THE WAR

Senator BRIDGES. We are jumping around a little bit here, but we have your statement, and I also have the material you furnished, and I would like to ask you what arrangements you have made, when the war terminates and there is a vast amount of goods scattered all over the world under lend-lease, what arrangements have you made, and what is your goal in handling that proposition, as to whether it is going to be returned to this country, who it is going to belong to, or just what the situation is?

Mr. CROWLEY. Mr. Cox has been connected with lend-lease operations longer than I have, but it is my understanding, Senator, that whatever supplies may be available after the war and after hostilities cease, we will value, and sell to the local governments to the extent practicable. Certainly, so far as foreign surpluses are concerned, insofar as it is humanly possible, they should be disposed of abroad and not brought back here and added to our already overburdened surplus here. There may be certain things that may be in short supply here that could be utilized within this country, but that certainly would be a minimum amount of materials.

Senator BRIDGES. Is your organization going to set up an agency, or take steps to dispose of this? When the hostilities cease, lend-lease, as I understand it, stops.

Mr. CROWLEY. That is correct, except to the extent that we liquidate any obligation we may have incurred before that time.

Senator BRIDGES. Then it will be a question of business dealings only?

Mr. CROWLEY. That is right, and we shall do the best we can to recover and dispose of that surplus at the best price we possibly can in view of all the circumstances. That will be true of the foreign surplus that results from both lend-lease and the supplies of our own armed forces.

TITLE TO TRANSFERRED MATERIALS RETAINED BY THE UNITED STATES

Senator McKELLAR. The title remains in our Government until it is actually transferred to the other government, is that right?

Mr. Cox. The title of lend-lease supplies remains with us even after they have been transferred to a foreign government. Title has been retained on all supplies for which possession has been turned over to a foreign government.

Senator McKELLAR. You still retain title?

Mr. Cox. We still retain title and the right to recapture the supplies.

QUESTION AS TO PLANS BEING MADE TO RECOUP MATERIALS AND EQUIPMENT

Senator BRIDGES. Let us go into that a little further, because that is going to be a real issue here in the next year or two, when this occurs. Assuming, we will say, that you have such things as trucks that you have transferred to a certain country. How will the trucks be handled? We will say part of them have been used, part of them are just arriving and have not been used.

Mr. Cox. Mr. Bridges, we have tried, in part, to anticipate this problem, so that we won't have so much in the form of surplus abroad. Lend-lease is a war measure, and it will terminate, in all probability, with the war, and subject to ordinary liquidation which is efficient and economical. We are working on minimizing this problem through agreements, which are just now approaching the discussion stage, with the different lend-lease countries.

DISPOSITION OF MATERIAL IN COURSE OF PRODUCTION

There will be a lot of stuff in production in Detroit, Pittsburgh, and elsewhere which people will be working on. That material may be half or three-quarters finished when the war with the common enemy is over. We don't want to put a burden on industry or throw people out of work if this material would be useful in the post-war period as well as for the war. This material is needed for war purposes but we don't know when the war is going to end, and none of us can predict when it will end. But as long as the war is on it has a war use.

The proposed agreements would operate in this way. If the material is shipped during the war it comes under the lend-lease principle. If it is not finished, the foreign government agrees to take it, and if it is shipped after the war is over, they agree to pay, probably on some sort of a long term credit basis.

DISPOSITION OF MATERIALS IN INVENTORY OVERSEAS

Then we have the second type of case; the materials that will be overseas in inventory—such as raw materials like steel, or manufactured items, like trucks. We are trying to work out some arrangement in advance as to the articles in inventory, so that when the shooting is over they can take it and pay for it on a credit basis if we do not want it back.

To take trucks, as an example, we will have several problems to decide. First, the practicability or impracticability of bringing the trucks back, which we legally can do under our recapture right. We shall wish to decide whether it is wise to leave them over there, in terms of the uses to which they can be put. And if it is decided in a particular case that the wise thing to do is to leave them over there, they will be sold either on a cash or a credit basis.

Senator HOLMAN. Who will make this decision as to whether it is wise or not?

Mr. Cox. Of course, during the course of the war, the decisions will in all probability be made on the basis of need for military, naval, and strategic purposes, because it is highly probable, with the European part of the war over, that certain equipment may be useful for the conduct of the war in the Pacific rather than just to leave it for ordinary civilian use.

Senator BRIDGES. You hit the key point on this particular thing. Suppose, one phase of this war ends considerably in advance of the other. We are then faced with fighting another war in the Pacific. One of the things I am leading up to is, what steps are we taking now to insure that if we need the trucks that have been given to England or to Russia, that we can reach out and get them and take them across to be used in the Pacific? My main reason for raising that question is I think a basis should be worked out now rather than afterward, because it will be much easier to do it in advance and it will promote better relations between ourselves and our allies to do it now.

TITLE TO TRANSFERRED SUPPLIES KEPT BY UNITED STATES AND AGREEMENTS CARRY A RECAPTURE CLAUSE

Mr. Cox. The steps are pretty clear-cut on that. The first step is the provision in all the agreements that the United States has the power to recapture any lend-lease articles not consumed, lost, or destroyed.

Senator McKELLAR. It has retained title.

Mr. Cox. Yes; it has never conveyed title to anything.

Senator McKELLAR. It is purely a loan——

Mr. Cox. It is a lease.

Senator McKELLAR. It is rather a loaning than a lease, is it not?

Mr. Cox. Let us say that it is not a loan at all in the ordinary sense of a loan of money. It is rather part of our system of mutual war aid which benefits us as much as the other United Nations by strengthening the combined war operations against our common enemies.

(Off the record.)

QUESTION AS TO USE OF FUNDS BY ENGLAND FROM SALE OF LEND-LEASE SUPPLIES

Senator BRIDGES. I would like to ask you two more things. One of the things, as a supporter of lend-lease from the very start, that I have been asked many times to justify, and I would like your answer to it, is the transfer of lend-lease materials, we will say, to Great Britain, for example, and part of the consumer goods—foodstuffs, for example—go, as I am told, to the armed forces, part to the civilian population, but we transfer them to the government of Great Britain, and Great Britain sells them for cash to her civilian population, and I am told the cash goes into and remains in the British Treasury. In other words, it is used to pay the ordinary expenses of government. I want to ask you if that is true, and, if so, what is the justification?

Mr. Cox. In the first place, they have a distribution problem. They may get some bacon from New Zealand, Canada, and five other spots, including the United States. They distribute all the bacon in the ordinary channels of distribution instead of providing an entirely new Government set-up, duplicating the existing wholesale-retail trade channels, which would be impossible for many reasons, including the fact that it would destroy the normal private channels of trade in England. In other words, all the food goes from the

Government to the established wholesaler, to the ordinary grocer, and then to the civilian. The civilian pays for it in British currency, not in American currency. He pays in shillings and pounds sterling, not in quarters and dollars.

REVERSE LEND-LEASE FOR OUR FORCES IN BRITAIN

Those receipts are retained by the British Government. When they supply reverse lend-lease to our troops they then have to make an expenditure out of their treasury to make that available, so the amount they receive from the sale is not net, because they have to make expenditures in the same kind of currency to supply our troops, and, as you know, about 20 to 25 percent of the food for our troops is now being supplied under reverse lend-lease without payment; and, in addition to that, they are getting everything from woolen socks to a lot of the supplies absolutely essential for the operations of our Eighth and Ninth Air Forces in support of the invasion.

Senator McKELLAR. Where does that supply come from? You say about 25 percent?

Mr. Cox. It is the home-grown, home-produced food or food which they purchase or obtain from other parts of the Empire or third countries.

Senator McKELLAR. To our soldiers in Great Britain.

Mr. Cox. Yes; supplied by the British. The second phase of it is—the United Kingdom and the colonies supply us with strategic and critical raw materials as reverse lend-lease. What happens then is this: we get rubber from Ceylon, without payment by us, as reverse lend-lease. We bring it here, it is sold to a producer in the United States that may be making tires for airplanes. He pays for it in dollars. Those dollars come back to us. We don't pay the British. So that any receipts we get from the sale of reverse lend-lease material, in dollars, are treated in the same way that their sterling receipts are treated that they get from the sale of lend-lease goods.

Senator BRIDGES. If the payment is made to Great Britain, under your first example, by the civilian population in British currency, you say that goes into the British Treasury?

Mr. Cox. Yes.

Senator BRIDGES. And it is balanced up by the fact that when they supply us lend-lease in reverse they have to take money out of their Treasury to pay for the reverse lend-lease which comes to us. What I want to know is, Is it our money they take out of the Treasury to pay for reverse lend-lease?

Mr. Cox. Not in the sense that I think you mean it.

Senator BRIDGES. Why isn't it?

Mr. Cox. Under the terms of the master agreement we say we will supply the United Kingdom with lend-lease aid, keeping the discretion in this Government as to how much shall be supplied, in the interests of our national security. Then it says that at some future date the lend-lease account will be settled. In the final settlement there will be all kinds of considerations—whether the accounts ought to be wiped out in whole or in part, or what other considerations ought to come in. So that if we supply them with a dollar's worth of foods, on the books they are charged with an obligation of one dollar. If

they collect 4 shillings for that, we don't ask them to turn over the 4 shillings, but they may take those 4 shillings and buy foodstuffs from their farmers and turn it over to our soldier boys. So that they do not gain on our money, so to speak.

The central point is that since we receive under reverse lend-lease the supplies that can be bought for sterling, we could only use this sterling after the war. Whether we want this sterling after the war—which would constitute in effect a war debt—will be determined at the time the lend-lease account is settled. The purpose of lend-lease and reverse lend-lease is to reduce the need by one country of the other's currency and not to build up the kind of international debts that might strangle our foreign trade prospects after the war.

ULTIMATE SETTLEMENT OF LEND-LEASE ACCOUNTS

Senator HOLMAN. Is it understood that eventually the books will be totaled and the balance settled in some way, that there will be an excess of imports or exports as regards this country?

Mr. Cox. The books are being kept as accurately and completely as they can be kept in wartime. And those books show everything that has moved out from this country to any particular lend-lease country and what has moved back in terms of reverse lend-lease.

Senator HOLMAN. And the balance, whether one way or the other, will be settled in some way?

Mr. Cox. We do not regard lend-lease as establishing a debtor-creditor relationship but there will be settlements of the lend-lease account.

Senator HOLMAN. To the mutual satisfaction, presumably, of the negotiators?

Mr. Cox. That is right.

CONTROL KEPT OVER LEND-LEASE MATERIALS

Senator GURNEY. You made a statement there that I would like to inquire into. You said as we ship out of this country a charge is made on our books against the country to which it is going. For instance, we are sending a lot of lend-lease to north Africa, Algiers.

Mr. Cox. Yes.

Senator GURNEY. You send out \$100,000 of food, and presumably that is going to be distributed to English soldiers. You would make a charge as it leaves the ports, but there is a great possibility that when it gets to Algiers it won't all go to English soldiers, but will go part to our Army, part to civilians. How do you handle that over there? There must be great confusion.

Mr. Cox. I don't think so.

Senator GURNEY. Well, I have heard some stories that there is great confusion, because the boat has got to unload, and it is piled up on the docks for miles.

Mr. Cox. I think that might have been true right after the landings, but now it is pretty well straightened out. What happens in the case of French Africa is this; military aid in the sense of finished munitions used to equip the French Armies now fighting in Italy, come under straight lend-lease. All supplies for civilians are paid for by

the French in dollars at the landed cost in French Africa, and they distribute them.

Senator BRIDGES. When do you lose control over lend-lease material? When does your responsibility for it end?

Mr. Cox. On straight lend-lease material we never lose control, because we retain title, and we have the power to recapture it. The foreign government cannot retransfer it to anybody else without our consent.

Senator BRIDGES. Suppose when you load certain lend-lease goods into a boat here and ship it to Russia, you don't have any way to follow it or control it, do you?

Mr. Cox. Yes, we do.

Senator BRIDGES. How?

Mr. Cox. In terms of physical control or inspection control?

Senator BRIDGES. Physical control.

Mr. Cox. We do not assert physical control—we have had cases, right after Pearl Harbor, where supplies on the way were diverted to our own forces. That is a question of physical control. Normally, if we put lend-lease articles on a boat for Russia, whether one of our boats or one of their boats, it moves to them as intended. But so far as inspection control is concerned, we have people at the ports and in other spots in each of these countries that check up on the use of the material, and if we have any questions, or if questions are asked by Congress, they get the answers.

Senator McKELLAR. Is there anything further?

EXTENT TO WHICH RUMORS ARE INVESTIGATED

Senator BRIDGES. I would like to ask Mr. Crowley a question. I have read with a great deal of interest your report here, and particularly the way you deal with rumors. Of course, I think there probably have been as many rumors about lend-lease as about anything I know, and I realize anyone can start a rumor about anything or anybody. But I wonder when you refute those rumors, how thoroughly you or some trusted representative of yours, has gone into all the details of the matter or rumor. Let me give you an illustration of what I mean. I had, just yesterday, a man call on me, who is a reputable Government official here in Washington, he is rather high in the Government. He told me he knew for a fact, that certain things which you deny in your report are true, and he proceeded to tell me how he thought I could get the facts to prove your denials of certain rumors were untrue. I don't want to raise the issue at this time in this committee or in the middle of the war, but I wonder just how far you have gone personally, or through some trusted representative, into that for the basis of your flat denial of some of these things.

Mr. CROWLEY. Senator, there isn't any doubt that there has been a world of loose talking about lend-lease. Too, it would be impossible to have an operation as large as lend-lease, as in the case of military operations, without having some mistakes made. Too, it would be impossible to carry on lend-lease with all these countries without having something come up that, in some way, would look as though they were taking advantage of our lend-lease. Insofar as I have been able, every time we have had a complaint, I have asked the general counsel's office to check it and try to get the exact facts on it. Mr.

Cox can explain to you some of the instances. You cannot follow a can of tomatoes to be sure it gets into the stomach it was intended for. We have to trust one another to some extent as Allies fighting a common war. If lend-lease supplies are properly used, and I believe they are, we get as much advantage out of it as they do. You know that I would not permit anything wrong that came to my attention. I will be glad to have Mr. Cox explain how we try to check on complaints.

Senator BRIDGES. I know that you made the statement in good faith, but I wondered how closely you had checked it. When you have instances like this—and I have had dozens, and I suppose the other Senators have had also. I just wondered how closely you went into it.

Mr. CROWLEY. What we do is try to check it. Of course, if we get the wrong information, or the men that are making the investigation make a mistake, that is one thing. But the men who have handled it, I think, have tried always to get the facts. If we have made a mistake the best thing to do would be to say we had made a mistake, because no one would expect us to be 100 percent perfect in this kind of an operation.

Mr. Cox. I can give you two examples of how we try to check but most of the complaints result from misinformation or a misunderstanding of the facts. It is, too, a question of human error and to a certain extent, judgment, in checking.

CHECK ON STORY ABOUT ALARM CLOCKS EXPORTED TO AUSTRALIA

There was a story a few months ago about alarm clocks being exported when there was a shortage here. One of the charges made was that Australia was getting a large number of alarm clocks. Here, in substance, was the check. In the first place, we ascertained the number of alarm clocks that had been exported to Australia from the United States. We then went back to see how the need for alarm clocks was determined in the case of Australia. What happened was they filed a request for some 150,000 clocks with General MacArthur's staff. Our representatives in Australia work jointly with General MacArthur's staff. They reduced that to about 100,000. Then this request came back to the United States and it was reduced again to about 70,000. This represents only about 1.4 percent of United States production. Australia has no alarm clock industry.

We had also checked with our people in Australia, and with General MacArthur's staff, as to what the conditions were as to the use of alarm clocks in Australia, and what you had to do to get an alarm clock. Apparently the basic reason for the need was that they had increased their production for the war in factories by increasing the number of shifts, so that many more alarm clocks were needed.

Secondly, you cannot buy an alarm clock in Australia unless you have an essentiality certificate from the appropriate government agency in Australia that you have a real need for it, as, for example, a war worker on an early morning shift. The checking, therefore, took place both here and in Australia.

CHECK ON STORY ABOUT MAKING JEEPS AVAILABLE TO CIVILIANS IN AUSTRALIA

Then there was another similar story that came out of Australia that they were going to sell jeeps very soon to civilians. We checked with our people there and asked them to get the name of the man

who was responsible for the story. They told us the name of the man, where and when he made the statement. We got in touch with the American automobile manufacturing company for whom the man worked and asked it for a report. What happened was, in an excess of salesman's enthusiasm, he was talking about jeeps being sold in Australia. There just wasn't anything to it. They issued a public retraction in Australia and gave us confirmation by letter. Each one of these cases differs as to specifically how it is checked. But, in the main, we check with our people in the field, and check in a way so that the margin of error is pretty well minimized.

NO NYLON STOCKINGS EXPORTED TO AUSTRALIA UNDER LEND-LEASE

Senator BRIDGES. Among the things you hear a good deal of rumors about are things such as women's wear, nylon stockings, and so forth.

Mr. Cox. Let me tell you about that. It was very interesting. The end result of that story was that they repudiated one of their Members of Parliament. For political purposes a Member of Parliament claimed that nylon hose were being lend-leased, and then he retracted it. It was not actually true. There were no nylon stockings exported under lend-lease from the United States to Australia.

Senator BRIDGES. Have there been any to any other country?

Mr. Cox. No.

Senator BRIDGES. You are positive of that, are you?

Mr. Cox. Yes.

(Off the record.)

Senator BRIDGES. I don't believe everything that is told me, of course, and I am just asking for information. I was told that nylons, perfume, and various types of women's garments, women's fancy shoes, had gone to Russia. I want to ask you if that is true or false.

Mr. CROWLEY. It is not true that any of these things have been sent under lend-lease.

Mr. Cox. We know what we buy and ship. Whether the Russians have bought for cash any such items, I don't know offhand.

Senator BRIDGES. I was told that was on our records here, and that if this committee would check the records of Treasury procurement we would find those things listed.

Senator McKELLAR. Will you look into that and advise the committee?

Mr. Cox. Yes; we will look into it.

(The statement requested is as follows:)

A check of the books of the Treasury Procurement Division shows that no nylons, perfume, or other luxury items have been procured for any country under lend-lease.

INQUIRIES WILL RECEIVE PROMPT ATTENTION

Senator BRIDGES. I would like to ask you, when a Senator hears a rumor and wants to obtain information on it, to whom in your department would he go, or get in touch with, so that he can get accurate and prompt information?

Mr. CROWLEY. I would be very happy, Senator, to have all of the requests made to me. If this is done I can know about it myself, and after we make the investigation, then I get a chance to see it. That

is one way, if something is happening that I don't know about, that gives me an opportunity to become acquainted with it. I think the best thing to do is to have them address their inquiries to me, and we will take it up and report back on it.

TRANSFER OF NAVAL VESSELS TO RUSSIA

Senator BRIDGES. Were you a party to the transfer of Navy vessels to Russia recently?

Mr. CROWLEY. No; that was entirely in the hands of our military and naval authorities.

Senator BRIDGES. The statement has been issued that it was done under lend-lease. It didn't come under you?

Mr. CROWLEY. No; that was a purely military decision.

Senator BRIDGES. It was under the authority of the lend-lease law, but not through your department?

Mr. CROWLEY. That is correct.

Senator McKELLAR. It comes under the Army or the Navy?

Mr. CROWLEY. Yes.

(Off the record.)

Senator McKELLAR. Is there anything else you want to bring out, Mr. Crowley?

REDUCTION IN ADMINISTRATIVE EXPENSES

Mr. CROWLEY. I would like to say on our administrative budget that this year we have had available \$46,614,020, and we expect to obligate only \$30,529,328. For 1945, we requested \$20,881,000 and the House granted \$19,500,000, and again I would like—

Senator McKELLAR. Why was that?

CONSOLIDATION OF AGENCIES HAS RESULTED IN REDUCED
ADMINISTRATIVE EXPENDITURES

Mr. CROWLEY. We consolidated these agencies and we put a ceiling on personnel, so that we had a saving of operations.

Senator HOLMAN. The volume of your business has not decreased?

Mr. CROWLEY. Our volume has increased very materially.

Senator HOLMAN. But you have been able to organize more efficiently?

Mr. CROWLEY. Yes, by the consolidation we have been able to do a larger amount of work with less money.

Senator McKELLAR. That is a saving of—

Mr. CROWLEY. Sixteen million.

Senator McKELLAR. Out of how much?

Mr. CROWLEY. All told, \$46,000,000. We spent \$30,000,000.

Senator HOLMAN. You cut it about one-third, in round numbers?

Mr. CROWLEY. That is correct, sir. I want to say this to you; that we really conscientiously cut this budget, and I would hate to be cut below what we requested, because we don't have any room to move around.

Senator McKELLAR. What were the items the House took out?

Mr. CROWLEY. They just took a flat cut, as I understand.

Senator McKELLAR. Where will it hurt?

AMOUNT ALLOWED FOR ADMINISTRATIVE EXPENSES LIKELY TO PROVE
INADEQUATE

Mr. CROWLEY. Well, for instance, we have the responsibility for disposing of foreign surpluses; we have the responsibility for the United States end of the U. N. R. R. A. relief and rehabilitation work, in addition to an assistance to the Army on civilian supplies during the military period. With this budget, if the war is on for the entire fiscal year, we may have to come back to you for a deficiency appropriation.

Senator HOLMAN. Does that account for the great cut of one-third, practically, or is it all attributable to improved organization?

Mr. CROWLEY. Some of it undoubtedly is due to improved organization, because we are doing more work and handling more things now than we were handling a year ago with a larger appropriation, one-third more.

Senator HOLMAN. But there is also the anticipation of the possible close of combat in Europe?

Mr. CROWLEY. We probably requested less than we should have requested, with some hope that some curtailment of operation might be possible as the war picture changes in the months ahead.

Senator HOLMAN. You have taken that into consideration?

TRANSFER OF LEND-LEASE FUNDS TO UNITED NATIONS RELIEF AND
REHABILITATION ADMINISTRATION

Mr. CROWLEY. That is correct, sir. There is one other item I would like to talk to you about, and that is the question of the \$350,000,000 for U. N. R. R. A. That was taken out of the House bill after a point of order was raised. This \$350,000,000 was to be available for transfer out of lend-lease funds on certificate of the Joint Chiefs of Staff and the Foreign Economic Administrator.

Senator McKELLAR. Do you explain that in this statement?

Mr. CROWLEY. Yes, sir; that is in my opening statement.

Senator McKELLAR. Will you turn to it for a moment so that we can see what it is? It seems to be an important matter.

Mr. Cox. After the point of order was sustained, an amendment was proposed by Chairman Cannon to restore the \$350,000,000, which was in order, but which was defeated in a later vote.

Senator McKELLAR. How much was it?

Mr. CROWLEY. \$350,000,000.

Senator McKELLAR. That is on page 9.

(The statement referred to is as follows:)

This \$350,000,000 is as necessary as the direct appropriation of \$450,000,000. Without it United Nations Relief and Rehabilitation Administration cannot carry out its program. The budget upon which our estimates are based provides that all the flour for bread, all of the canned meat, all of the lard, all of the raw wool, all of the cotton, and all of the medical supplies which have been budgeted for United Nations Relief and Rehabilitation Administration are to be obtained from the \$350,000,000. As you know, the authority to transfer this amount was eliminated on the floor of the House because in the form presented it was ruled to be subject to a point of order. Unless the whole \$800,000,000 is made available by the Congress, we must use a portion of the \$450,000,000 for these essential supplies. In that event we could not obtain for United Nations Relief and Rehabilitation Administration what it needs as seasonal surpluses become available, nor could we put into procurement articles which require months to produce and which must be contracted for now if they are to be available when needed. Whether

this additional \$350,000,000 is to be made available in the form of a direct appropriation or through a transfer authority, is a matter for the committee to decide. The transfer authority which we proposed to the House enabled the total amount of lend-lease and United Nations Relief and Rehabilitation Administration appropriations to be reduced.

Senator McKELLAR. Will you just explain that. That was left out entirely in the House?

Mr. CROWLEY. It was left out entirely.

Senator McKELLAR. Is it necessary?

ITEMS STRICKEN OUT ON POINT OF ORDER IN HOUSE

Senator RUSSELL. I understand the House committee recommendation on it was struck out on a point of order.

Mr. CROWLEY. Congressman Martin and Mr. McCormack made the statement that if the Senate were to put it back in—I forget the language they used, but it was to the general effect that it would receive friendly consideration. I have the Congressional Record for June 3 before me, p. 5351. Here is what was said:

Mr. McCORMACK. * * * I am sure that between now and that time we shall be able to look into the matter more thoroughly, and if the other body returns the item in whole, in part, or in some other form, and it comes back to the House, with a manifestation here of no hostility, that the House will take that action which, in its sound judgment, it has always taken in connection with war matters.

Mr. MARTIN of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Yes; gladly.

Mr. MARTIN of Massachusetts. I want to assure the gentleman that we—I believe I can speak for practically all of the membership on this side of the aisle—want to see that U. N. R. R. A. has its fair chance; we want to be sure that our country lives up to any obligation it may have undertaken.

I am quite sure if this matter has a hearing in the other body that, when it comes back here, we shall be very glad indeed to give any proposal the Senate may place in it, open consideration, and act in a judicial capacity.

Mr. Cox. I think, Mr. Chairman, you may want to hear a little about the history of what happened in the House. The theory of the \$350,000,000 was that as the needs of U. N. R. R. A. grew, it was possible the needs of lend-lease would decrease, so that supplies which had been procured for lend-lease could be turned over on the certification of the Joint Chiefs of Staff to the U. N. R. R. A., and thus reduce the over-all net appropriated by the Congress by \$350,000,000. The committee reported it favorably. When it came on the floor of the House a point of order was made.

Senator McKELLAR. That it was legislation?

Mr. Cox. That it was legislation. Then Chairman Cannon amended the provision to take out the supplies and services and to leave only the transfer of \$350,000,000 in funds from the lend-lease appropriation. That was ruled to be in order. Then on a voice vote in the Committee of the Whole it was defeated. So it never came up for a vote in the House itself when the Committee of the Whole went into the House.

Senator McKELLAR. State just what is proposed; what do you want to do with this appropriation?

Mr. Cox. Well, I think there is one other sentence necessary to explain it.

Senator McKELLAR. All right.

ITEMS TO BE PURCHASED FROM CASH APPROPRIATIONS TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. Cox. There are certain things which are either seasonal supplies, or that take several months to manufacture, for which you need cash now if you are to do this job intelligently, efficiently and economically. An illustration of that is the old worn shoes from the Army which have reached a state of disrepair where they can no longer be used by the Army, but they can still be fixed up at a favorable price for use in these liberated areas. If you want to take advantage of this opportunity and have the shoes ready when you need them, the orders ought to be placed now to repair these shoes.

Secondly, there are certain types of commodities which are seasonally on the market now or in the coming summer months. If you don't buy them you lose the market on them, and you may not be able to obtain them for another year. Milk, cheese, and salt pork are examples. It was for these purposes that the \$450,000,000 in cash appropriation was requested.

LEND-LEASE TRANSFERRED FUNDS TO COVER THINGS NOT NEEDED AT THE PRESENT TIME

The second part of the \$800,000,000 requested for U. N. R. R. A. was the transfer authority for \$350,000,000. This was to cover things which need not be procured in advance for U. N. R. R. A., but which it is anticipated will be available when needed in the market or in Government stocks. The basic assumption is that if Europe were liberated funds and supplies for lend-lease purposes, connected with fighting the war, would no longer be needed in the same amount and could be turned over to U. N. R. R. A. and charged to the total \$1,350,000,000 of the authorization Congress has voted for U. N. R. R. A., and thus diminish, in effect, the lend-lease appropriation by \$350,000,000.

The recommendation now, in view of the point of order, is that, subject to the wisdom of the committee, either that the \$450,000,000 appropriation be increased to \$800,000,000, or that authority be given to transfer \$350,000,000 in lend-lease funds, leaving out supplies and services, on the theory that would be in order, but the other would not be in order.

Senator McKELLAR. All right.

Senator GURNEY. In other words, in the committee print of the bill, the House did not accept section 202, starting on line 18, page 6.

Mr. Cox. That is right.

AGENCIES TO PURCHASE FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Senator GURNEY. Your point about purchasing on the open market, Mr. Cox, leads me to ask this question. Do you have a purchasing organization that goes out on the market?

Mr. Cox. No.

Senator GURNEY. Where do you get your supplies?

Mr. Cox. The basic theory, both of lend-lease and now of U. N. R. R. A., is that you do not set up people or organizations to do a job where there are already equipped agencies of the Government to do it. All of lend-lease procurement is done through the War Department, Navy Department, Treasury Procurement, Maritime Commission, and War Shipping Administration, and the Department of Agriculture.

Senator GURNEY. That is what I want to find out. Do you have your own purchasing organization?

Mr. Cox. No.

Senator GURNEY. The answer is "no"—you buy from existing agencies?

Mr. Cox. Buy through them.

Senator GURNEY. That are purchasing for the military or other war agencies?

Mr. Cox. Yes.

LEND-LEASE AID FIGURES, ALL INCLUSIVE

Senator BRIDGES. Would you turn to the report you gave us, the fifteenth report to Congress, page 42, where you list the lend-lease appropriations made and the transfers authorized from other appropriations? Then, here on display you have a chart showing lend-lease and total war costs, and the total lend-lease aid is given as \$25,500,000,000. What I would like to have you explain is just how lend-lease appropriations, plus transfers from other appropriations, tie into the figure on the chart. Just explain what the situation is.

Mr. Cox. The figure of total aid rendered, both on that chart and everywhere in our report, includes the complete total of aid rendered up to May 1, 1944, either from direct appropriations to the President or from appropriations to the War and Navy Departments and other Government agencies that have language permitting the transfer. In any case where you see "total aid rendered" it would include, for example, stuff transferred out of the War Department appropriation, pursuant to the terms of the Lend-Lease Act.

Senator BRIDGES. That figure is the over-all total?

Mr. Cox. It includes everything.

Senator BRIDGES. Let us get back here to page 42. You have up here appropriations totaling \$24,683,629,000, lend lease. Then down here under "Transfers authorized from other appropriations" you have a total of \$35,970,000,000. What are the facts?

Mr. Cox. In the first place, the aid rendered there by dollar amount is higher than the total amount appropriated to the President.

Senator BRIDGES. Yes.

Mr. Cox. The way this thing works is this: During the first lend-lease appropriations, before we were in the war, one of the reasons for handling the thing the way it was, was to get as much as possible

the production of common items. That is, produce the same kind of rifle for all Allied needs as we would want for U. S. needs, so that we wouldn't get into the hole we got into in the last war, and, secondly, that we would not be making rifles for our allies that our own Army could not use if it needed them. For example, in the last war, they were producing .303 Lee-Enfield rifles which were not standard with the U. S. forces. Up to Pearl Harbor much the greater part of the munitions in production consisted of common items. When we went into the war, however, we did not yet have machinery set up by which all the supplies we produced could be allocated among our own forces and our allies in accordance with strategic decisions. That was because we were not at war. After we went into the war the Combined Chiefs of Staff, the Munitions Assignments Board, and the other combined coordinated boards were set up. As a practical illustration of the way the machinery works the Combined Chiefs, for example, reach a decision that there will be operations in western Europe. They then have to make a decision as to how many troops will be required to conduct that operation, how many ships, how many guns of certain types. That is the big decision. Then, after that, the Munitions Assignments Board makes the allocations of munitions to the United States and Allied forces in accordance with these strategic plans. For example, it is decided that the British troops will need X thousand tanks and the American troops will need Y thousand tanks. The British can't produce all the tanks they will need and we can produce more than we need. So, as the tanks come off our production lines the Munitions Assignments Board will allocate to our forces all the tanks that the Combined Chiefs have determined we need and enough tanks to the British forces to make up the deficit as between their production and what the strategic plan of the Combined Chiefs calls for.

In the first appropriations made by this committee and the House committee after Pearl Harbor, it was provided that the money to take care of all lend-lease transfers of finished munitions should come from the regular appropriations to the War Department, instead of from lend-lease appropriations as before, because when a tank was ordered and put into production you could not tell who was going to use it until it was completed. That would depend upon what the military situation was when the tank was finished and what the military plans of our chiefs of staff were at that time. Only then was the tank allocated, either to our own fighting forces or to a lend-lease country. If the tank was transferred under lend-lease it was then charged up to the transfer authorization written into the War Department's appropriation bill and the cost of the tank was added to the total value of lend-lease aid.

LIMITATION ON TRANSFERS EXCEPT AS TO SHIPS

Senator RUSSELL. Mr. Cox, as I understand it there is a limitation on any transfers that can be made either by the Foreign Economic Administration, Lend-Lease, or by the War Department or the Navy Department, except in the case of ships.

Mr. Cox. That is right.

Senator RUSSELL. There is no limitation, if it is thought advisable in the conduct of the war, on ships, and our Navy could be transferred to our allies.

Mr. Cox. They can be leased for the duration of the emergency. Title cannot be transferred.

Senator RUSSELL. I said under lease. Now, will there be a valuation placed on the cruiser that Senator Bridges referred to?

Mr. Cox. Yes, sir.

Senator RUSSELL. And the value will appear in the next report?

Mr. Cox. Yes; it will be included in the total of lend-lease aid. It might be the use value.

Senator RUSSELL. You mean you only put a use value on the ships?

Mr. Cox. No; I find we always put the cost or estimated value of the ship at the time the ship is leased.

VALUE OF SHIPS LEASED

Senator RUSSELL. I understand we have transferred something over \$2,000,000,000 of ships under this unlimited ship authorization.

Mr. Cox. As of April 1 we had leased over \$1,900,000,000 worth of naval and merchant ships, all for the duration only. That figure is included in the total of lend-lease aid.

Senator RUSSELL. Cost or use value?

Mr. Cox. Cost.

Senator GURNEY. Is that cost agreed on by the other countries?

Mr. Cox. No; that is our cost.

Senator RUSSELL. Why does the use value apply to this cruiser, when you have the cost here?

Mr. Cox. It will not be the use value. They will use the figure on what the cruiser was worth.

Senator RUSSELL. So as these transfers are made these figures will appear in the reports to the Congress?

Mr. Cox. Yes, sir.

COUNTRIES RECEIVING LARGEST AMOUNTS OF FOODS

Senator McKELLAR. Can you give us, in a general way, where the greater part of the foodstuffs have gone, to what nation?

Mr. Cox. Yes; most of the foodstuffs have gone to Russia and the United Kingdom. As you know, in the Russian case, the food we sent has gone almost entirely to the Soviet Army, even though the status of their civilians was stringent, to say the least. Their diet, anyway you want to look at it, is away below ours. The Russians have a priority system for food; that is, the Army gets more than any other group, the war workers are next, then people who are not engaged in as essential work get least of all. In the British case we have supplied about 10 percent of their food supply since the beginning

of the program and, as you know, Britain is primarily an importing country in food, and they used to get a good deal of their food from Denmark, Holland, and the Scandinavian countries, Sweden included, before the war.

Senator McKELLAR. They got a good deal from us, too.

Mr. Cox. Yes. Since the war we have supplied them with what was not procurable anywhere in the British Empire, to make up part of the deficiency resulting from the closing up of the other sources. The rest of the deficiency they made up themselves by increasing their home food production 70 percent over what it was before the war.

Senator McKELLAR. The industrial items at least went to Russia.

Mr. Cox. And England.

ITEMS INCLUDED IN "SERVICES RENDERED"

Senator McKELLAR. What are "services"? You have \$3,000,-000,000 under "Services rendered." What was that? What constitutes services rendered?

Mr. Cox. That includes the training of fighting pilots, the repair of men-of-war and merchant ships, the cost of shipping some of the supplies and ferrying aircraft and the cost of factories built in the United States to produce equipment needed by lend-lease countries.

Senator BRIDGES. Does it include the building of airports?

Mr. Cox. Part of the cost of building airfields is in services, yes.

Senator McKELLAR. Did we build many?

Mr. Cox. Not of a permanent nature. I think the figure on the cost of all airfields built from lend-lease funds by this country is a minute fraction of the total cost of lend-lease aid.

AMOUNT OF LEND-LEASE FUNDS SPENT OR OBLIGATED

Senator BRIDGES. And of the amount of money that has been directly appropriated to lend-lease, how much has been spent or obligated? In other words, what I am getting at, what part of this \$25,500,000,000 is straight lend-lease funds?

Mr. Cox. I think I can give you a good estimate on that. From the lend-lease appropriations to the President we estimate approximately \$15,500,000,000 of aid has been rendered, and from War, Navy, and other appropriations, approximately \$8,000,000,000, and from ships leased under public laws nearly \$2,000,000,000, making the total of lend-lease aid \$25,500,000,000, excluding consignments to United States commanding generals in the field.

Senator BRIDGES. You have \$10,000,000,000 of appropriations left unspent then?

Mr. Cox. No, no; that is the value of lend-lease aid when it is finally rendered. On the \$24,600,000,000 as I remember the figures—

Senator BRIDGES. The appropriations totaled \$24,683,000,000. You say that of that \$15,000,000,000 has been spent.

Mr. Cox. That is not the figure for funds spent. That is aid rendered. Of that amount, I think approximately \$23,000,000,000 has been allocated and about \$19,000,000,000 has been obligated. I can give you the exact figures here.

Senator GURNEY. Nineteen billion has been spent, you said, and \$23,000,000,000 obligated?

Mr. Cox. Allocated. The figure, as of April 30, of allocations, is \$23,159,657,000, and the amount obligated, as of that date, was \$19,583,299,000.

DIFFERENCE BETWEEN OBLIGATED AND ALLOCATED FUNDS

Senator BRIDGES. Will you explain the difference between funds obligated and funds allocated?

Mr. Cox. Yes. If you make a contract for \$1,000 to supply, for example, spark plugs for tanks, when you make the contract you obligate the funds. The contract may call for periodic payments as the production moves along, and you spend, say, \$100 a month for 10 months. Each \$100 shows up as an expenditure. When the spark plugs are delivered they show up as aid rendered. The obligation, in substance, is when you make the contract and undertake the obligation to pay it. An allocation would be made when the \$1,000, for example, was allocated by the Foreign Economic Administration to the Procurement Division of the Treasury Department in order that the Procurement Division would have the necessary funds to enter into the contract for spark plugs.

Senator HOLMAN. Then the balance of the obligation is reduced as the allocation increases. It finally gets to the point where one \$1,000 replaces the other \$1,000.

Mr. Cox. The balance of the obligation is reduced as the expenditures are made.

Senator BRIDGES. You have only the figures so far as lend-lease; you have nothing so far as the other departments?

Mr. Cox. We can get those.

Senator BRIDGES. Those are not known until they are actually made.

Mr. Cox. That is right, until the transfer is made.

AMOUNT OF UNOBLIGATED AND UNALLOCATED FUNDS

Senator BRIDGES. That means you have remaining in your appropriation today, unobligated, how much money?

Mr. Cox. As of April 30, it was about \$5,000,000,000.

Senator BRIDGES. And unallocated, how much?

Mr. Cox. About one and a half billion.

Senator BRIDGES. What do you estimate it will be on June 30?

Mr. Cox. It will be virtually all allocated. There will remain unobligated about \$3,650,000,000. That, of course, was taken into account in making this budget.

AMOUNT OF ADDITIONAL FUNDS REQUESTED

Senator BRIDGES. And you are now asking for how much?

Mr. Cox. For \$3,450,570,000.

ESTIMATED TOTAL AVAILABLE FUNDS JULY 1, 1944

Senator BRIDGES. That will make a total available for the year starting July 1, of how much, approximately?

Mr. Cox. Of \$7,189,000,000.

Senator BRIDGES. You feel that is going to carry you through the coming year?

Mr. Cox. We hope so.

WOOL AND COTTON AMENDMENT

Mr. CROWLEY. There is another item, Senator. The House put an amendment in the bill dealing with wool and cotton. It goes without saying that so far as we are concerned any purchases that we would make would be made from the Government surplus insofar as we could, where they have available the quality of cotton and wool that we can use. We do raise a question about that amendment and I would like to have you take that into consideration when you consider this bill.

Senator HOLMAN. I would like to discuss this matter. I didn't know whether this was the time to discuss it. I have before me a statement on that subject, but from the amendment passed by the House it would appear that you will have to look for your source of wool to wherever it may originate without any thought as to the benefit that may come to American farmers or the effect it may have on the price of American wool. In other words, you may fill your requirements out of Australia, or Argentine wool, or New Zealand wool, and leave the American market for wool stymied. Is that what you refer to?

Mr. CROWLEY. I don't believe it will have that effect.

Senator HOLMAN. There is a man here representing the wool interests. Is he in the room?

RAW DOMESTIC WOOL

Senator McKELLAR. Senator O'Mahoney, on page 5 of the bill, wants to insert after the word "raw" the word "domestic" so that it will read:

raw domestic wool from stock piles of the United States Government.

You would know more about that than I would.

Senator HOLMAN. I think it would be well if Senator O'Mahoney could be here for this discussion. It is awfully important to the wool growers, if this gentleman representing the wool growers could sit in on this discussion.

Senator McKELLAR. It would be out of order, ordinarily, but we will be glad to hear from them.

FIRST CONSIDERATION WOULD BE GIVEN TO WOOL AND COTTON OWNED BY UNITED STATES GOVERNMENT

Mr. CROWLEY. Insofar as we are concerned, the F. E. A., whatever request from U. N. R. R. A. we have for cotton goods, raw cotton, or for raw wool, we would, of course, first take into consideration any supply that the Government might own. But we can't say that all of the wool that would be acquired by U. N. R. R. A. all over the world would be acquired exclusively from the United States.

Senator GURNEY. In other words, Mr. Crowley, under the agreement into which we have entered, we cannot, in our contribution to U. N. R. R. A., in any way say how the dollars will be spent or allocated to each individual country?

Mr. CROWLEY. U. N. R. R. A., Senator, is an international organization, with an international board of directors. We have the right to determine what may go from our own country, and whether we are in short supply of any particular commodity. We have the

right to say to them, "We do not think, with the short supply we have, you can have this material." But we certainly would not have any right to say to them, "You must buy everything within the United States, the things we are long on, and the things we are short on you must get somewhere else."

Senator GURNEY. That is the direct question I asked you, whether or not we could tie a string on how the money shall be spent that we appropriate for U. N. R. R. A.

Mr. CROWLEY. We have 43 other partners, Senator. Suppose all the 43 appropriating bodies did the same thing. You would have chaos right there.

QUESTION AS TO POSITION OF FOREIGN ECONOMIC ADMINISTRATION ON HOUSE AMENDMENTS

Senator GURNEY. Is this committee to take it that you are against this amendment and do not think it is the politic thing to do?

Mr. CROWLEY. I am not against the amendment in principle. I agree with the House and you that we should use our domestic surpluses just as much as we possibly can. And if there is any way that we can work out an amendment with you that gives us the latitude to carry out the things that you want done, the principle that you want carried out, we will be very happy to do it. If that is not practicable, we are perfectly willing to go on record with a letter, going as far as we can to make it clear that we plan to buy wool and cotton in the United States.

Senator RUSSELL. I understand, Mr. Crowley, you think this involves a question of good faith in our relations with the other signatories.

Mr. CROWLEY. I think this involves a question of the good administration of U. N. R. R. A.'s funds and the practical problems that U. N. R. R. A. will face if restrictions of this kind were to be put in the bill.

Senator HOLMAN. But the fact is we are the principal contributor to this fund.

Mr. CROWLEY. We contribute pretty close to two-thirds. Senator, I think it is fair to assume that the F. E. A. will allot this appropriation. We would be very, very foolish not to help our own American farmers as much as we possibly can in this whole procurement program.

Senator HOLMAN. I think the letter you suggest might allay the apprehension, and I would suggest, Mr. Chairman, that he be authorized and permitted to submit the letter he suggests for the record.

TEXT OF HOUSE PROVISION

Senator McKELLAR. He may do that, of course. Mr. Crowley, let me understand you. Here is the amendment adopted in the House: "Not to exceed \$21,700,000 shall be available for the procurement of 61,700,000 pounds of raw"—and if the word "domestic" as suggested by Senator O'Mahoney is added—"domestic raw wool from stock piles of the United States Government existing on the date of approval of this act."

Do you oppose that, or did I understand you?

Mr. CROWLEY. Yes; we think such an amendment unwise. Permit us to give you a letter for your consideration which will state our policy on that matter.

Senator McKELLAR. You have not yet prepared the letter?

Mr. CROWLEY. No. Let me say this, Senator: This covers wool, and if we get cotton, the first thing you know you will get pork, and then you will have a whole list of things here and you would have an administrative problem that would be utterly impossible.

QUESTION AS TO WHETHER UNITED STATES CAN SPECIFY HOW ITS CONTRIBUTION TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION IS TO BE SPENT

Senator GURNEY. I would like to ask a direct question as to whether or not in our agreements with all these other nations there is anything anywhere that would permit us to put strings on our appropriation and say how the money shall be spent.

Mr. Cox. The practical problem, Senator, is this—

Senator GURNEY. I would just like to get a direct answer.

Mr. Cox. I think you have to tie it together with the question the chairman asked. These amendments, I think, were not considered in committee. They came in on the floor and they were not thoroughly thought out.

Senator GURNEY. I would still like to have an answer to my question, as to whether or not under our contract with these other countries we can put strings on the money.

Mr. Cox. I think you ought to get an answer, but let me explain it to you. We have 44 countries—

Senator GURNEY. I understand that.

Mr. Cox. Each of which has agreed to contribute. Let us take wool. In the first place, U. N. R. R. A. has to make up a set of needs for wool. Obviously Australia and the United Kingdom and the other countries will also want to contribute wool, assuming they have a surplus. It may be, after you go through the whole picture, it is decided that the United States shall contribute 10 percent of the wool, Australia 30 percent, and so on down the line. Now, your question is, have we the legal power to say what the American funds shall be used for, one of which would be to say that insofar as practicable on the materials that are not in short supply, they shall be procured from supplies in the United States or owned by the United States.

Mr. CROWLEY. While we may have the right to do that, it would be a very serious thing to do, because the other nations would have the right to do that same thing. Let us assume that we have the largest resources in the whole world. They are going to need certain things. Now, if we are going to furnish only the things that are in long supply, and not furnish the things that are in short supply, and ask the other countries to furnish only those things of which we are in short supply and not the others, that would be very unfair.

Senator HOLMAN. I agree on that.

Mr. CROWLEY. I think if the F. E. A. is handling this we certainly ought to be in a better position than anyone else to protect ourselves on our long supply, if we intelligently handle the situation in dealing with those things that are in short supply.

EFFECT OF HOUSE PROVISION

Senator GURNEY. Do you mean to say that this amendment sort of ties your hands in working out a fair deal?

Mr. CROWLEY. I think it does this: I think it puts us in a position where all the other nations would have the same right to put in amendments, and if they did put in amendments, we are right back at scratch and we have no benefit from it at all.

Senator HOLMAN. Mr. Chairman, I think if Mr. Crowley will compose his letter just as soon as he can and make it of record as early as possible, putting it at this point in the record, I think it would help a lot.

Mr. CROWLEY. I shall put this letter in the record a little later in the day. Let me say this, Senator Gurney, my feeling in the matter is just the same as yours. I want to get as much benefit as possible from what we are spending on U. N. R. R. A. to help us work out our supply problem, both on what is in short supply and what is in long supply.

Senator RUSSELL. You think if we start in on this sort of a program and the other nations also adopt it, in the long run it will lead to trouble?

Mr. CROWLEY. Yes, sir.

Senator McKELLAR. All right, gentlemen, I will have to ask you to come back at 2 o'clock.

(The subcommittee recessed at 12:10 p. m. until 2 p. m.)

The subcommittee reconvened at 2 p. m., upon the expiration of the recess.

Senator McKELLAR. Had you finished your questioning, Senator Gurney?

Senator GURNEY. Yes. I think we had agreed that Mr. Crowley was to furnish a letter for the record.

Mr. CROWLEY. Senator, there will be a letter here before we get through this afternoon.

Senator McKELLAR. All right. What else, Mr. Crowley, have you on your mind?

Mr. CROWLEY. Well, Senator, the items that we wanted to discuss particularly, other than to enlighten the committee generally, were the \$350,000,000 for U. N. R. R. A., the matter of the wool and the cotton, the change in our administrative-expense appropriation, and the small item of the reduction for the Export-Import Bank. After we have finished, Mr. Pierson, who is here, would like to talk to you for a few minutes about the matter of \$32,000.

QUESTION AS TO MAKING DIRECT APPROPRIATION IN LIEU OF TRANSFERRING LEND-LEASE FUNDS TO UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Senator GURNEY. I should like to ask a question about the \$350,000,000 item for U. N. R. R. A. Would it not be better to make a direct appropriation rather than a transfer of funds from lend-lease?

Mr. CROWLEY. It would, Senator, from our standpoint. However, in our discussion with the House committee, we agreed with them that as the need for U. N. R. R. A. stepped up, the need for

lend-lease might be reduced materially, and in that way you could use some of these lend-lease funds for taking care of U. N. R. R. A. We felt, therefore, that there might be some objection on the part of the House committee to a direct appropriation of \$800,000,000.

Senator GURNEY. That may be, but they turned down the provision whereby you could have transferred \$350,000,000.

Mr. CROWLEY. But the House Appropriations Committee, Senator, was not opposed to that, and there was very little debate on the floor in opposition to that proposal, too. You understand that there are very definite restrictions in the transfer of that \$350,000,000. You have seen those restrictions?

Senator GURNEY. Yes.

Mr. Cox. On that point, Senator, it seems to me that it is up to the committee whether the \$450,000,000 should be increased to \$800,000,000 by direct appropriation or through the transfer authority. The only consideration I should think you might want to keep in mind is that if you use the transfer authority you reduce the overall net appropriated by the Government by \$350,000,000. On the other hand, there may be reasons for keeping the two appropriations completely separate, which would be a reason for not using the transfer authority. I think that the question of how it is done is up to the committee's decision. The important thing is that, in one way or another, \$800,000,000 is made available for U. N. R. R. A.

WOOL AND COTTON

Senator McKELLAR. Are there any other members who want to ask questions about the wool or cotton matter?

Senator HOLMAN. Mr. Chairman, I have invited Senator Thomas and Senator Robertson here because of their interest in wool.

Senator McKELLAR. We shall be very glad to have them ask the witness any questions.

Senator ROBERTSON. My object in coming down, Senator McKellar, was that we have a representative of the wool growers who was told that he would be given an opportunity to testify this afternoon. I think he is here now in the room.

Senator McKELLAR. All right, sir. We will let him testify when we get finished.

FABRIC TO BE USED BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Senator O'Mahoney would like to have Mr. Crowley discuss the type of fabric which U. N. R. R. A. is going to use. It has been intimated that they are going to use a very cheap fabric, which is likely to disintegrate rapidly. Is that correct or not?

Mr. CROWLEY. I would not know anything about that.

Mr. Cox. I think the answer is as to any fabrics that are to be acquired that the end objective will be, first, to meet the need. There have been, for example, in places like Greece and Poland, and also other parts of occupied Europe, deaths from exposure. The type of fabric that would be acquired will be the most durable and the least expensive that can be obtained to meet the need. I think quite

obviously that there would not be any point in buying at a very cheap price a fabric which would not meet the need, if it were going to disintegrate, or would wear out too quickly. The types of fabric will vary all the way from old Army clothing which can be salvaged but which cannot be used by our own forces, to fairly inexpensive types of fabric that on a minimum basis have to be procured new.

Senator McKELLAR. What about the use of shoddy, so far as wool is concerned?

Mr. Cox. I do not think any definite decision has been made there since no contracts or purchases have yet been made for U. N. R. R. A., but there you get a combination of price in terms of the economical use of the amount of money appropriated by Congress as against need and durability. Obviously, if you had unrestricted choice, which is a purely theoretical thing, you might want to buy the most expensive type of virgin wool, because it would have higher qualities of warmth or durability. But that is a practical question that will have to be decided in terms of funds made available and in making them go furthest in terms of the needs to be fulfilled.

Senator BRIDGES. Mr. Crowley or Mr. Cox, in the prepared statement which you have supplied, if you have it, will you please call to our attention the latest, up-to-date figures available of total lend-lease to all countries?

Mr. CROWLEY. We will put that in the record.

Senator McKELLAR. State that question again, please.

FIGURES REQUESTED ON TOTAL LEND-LEASE FUNDS TO DATE

(See p. 72)

Senator BRIDGES. I want the total amount of lend-lease to date.

Senator McKELLAR. By countries?

Senator BRIDGES. By countries.

Senator McKELLAR. Both ways?

Senator BRIDGES. Yes; both ways.

Senator McKELLAR. That is, reverse lend-lease.

Mr. Cox. Do you have any objection if some of the countries are lumped, because there are military and political reasons in some cases for not breaking it down as to each country? The committee, I think, can have all the details off the record, if it wishes.

Senator BRIDGES. I have no objection to lumping South America and Central America like that, but I should like to have it for the individual countries such as Great Britain and Russia.

Mr. Cox. Oh, yes. In the Pacific theater there may be a certain desirability in not separating China from India. But off the record we can give it to you.

Senator BRIDGES. I want it so that we will have a record of what we are doing. I should like to have the other information for the record.

HANDLING OF TRANSFER OF SHIPS

On the \$2,000,000,000 item for the transfer of ships, I should very much like to have you tell the committee just what your relationship is. It was mentioned this morning, and as I understood your statement was that you had nothing to do with it. That was a sort of statement furnished to you, and you included it in lend-lease?

Mr. Cox. Yes. What happened was this: After the first appropriation was made direct to the Navy with power to transfer under lend-lease, the Navy received a delegation of authority from the President authorizing the Secretary of the Navy to make lend-lease transfers of vessels or other supplies under that appropriation and then at a later date they supplied us with a record of what was done. Now, in the case of naval vessels, the specific question you had in mind, they went ahead, consented to the lease of the ship, and later reported to us about it. So all those figures on total aid would show up.

Senator BRIDGES. But you get definite and specific details of the transfer? For instance, is there reported to you just so many ships at so many dollars, or do you get information that we transfer so many ships of a certain type, that we transfer from the existing Navy so many units, and that those units are such and such?

Mr. Cox. It is usually closer to the former; but we can get the more detailed information, if it is necessary, from our records.

Senator BRIDGES. In order to get the complete picture of lend-lease, should not we have and should not you have the over-all picture of the whole lend-lease program?

Mr. Cox. That is right; we have that. There may be details of the information that for certain purposes we do not have, but we can always get it from the agency that handled the procurement and the transfer. We try in the first instance to get the complete, over-all picture, so that at one central source you will have, for purposes of reporting to Congress, all the relevant information that deals with Lend-Lease.

Senator BRIDGES. How soon after the Government transfers a cruiser, a battleship, or a destroyer to Russia, for example—and apparently that is done without your knowledge—does that information come to you, and how does it come to you? After the transfer has been made, before it is made, or while the transfer is in process?

Mr. Cox. Usually after it is made. I am not positive—we can check it—but I think there is a lag of about a month and a half normally in the reporting from the agency to us of the actual transfer.

Senator BRIDGES. You have nothing whatsoever to do with the policy of Lend-Lease as far as the transfer of ships or other war materials is concerned?

Mr. Cox. So far as actual munitions or ships is concerned, that is right, sir.

Senator BRIDGES. All you are is the—

Mr. CROWLEY. The record keeper. Our Army and Navy chiefs make all the military decisions involved in lend-lease policy.

Senator BRIDGES. I think that is well to have known, because there is quite general interest on just how these matters are handled.

With respect to the \$2,000,000,000 in ships that have been transferred, have you information available as to how that is divided among the countries?

Mr. Cox. Yes.

Senator BRIDGES. Can you give that information?

Mr. Cox. Yes.

Senator BRIDGES. I will say this off the record.

(Senator Bridges made a statement off the record.)

Senator McKELLAR. Is there anything further you want to say, Mr. Crowley?

SALARY OF FOREIGN ECONOMIC ADMINISTRATOR

Mr. CROWLEY. There is just one little item before we close, and that is the salary of the F. E. A. Administrator. The Foreign Economic Administrator sits in on cabinet meetings with the heads of the permanent departments. While it does not mean anything to me personally, because I have not taken any salary from the Government, but have always paid the tax and turned the balance back to the Government, I would appreciate the committee's considering changing the salary of the Foreign Economic Administrator to \$15,000, which is the same as that received by Mr. Nelson, Mr. Byrnes, and other members with whom I am associated in Cabinet services.

Senator McKELLAR. What do you get now?

Mr. CROWLEY. By law, as chairman of the Federal Deposit Insurance Corporation, I would be entitled to \$10,000; but, as I say, I have not taken that, and I do not propose to take this.

Senator McKELLAR. You do not take any salary at all?

Mr. CROWLEY. No. What I do, Senator, is this: I take it because it is made available by law. I pay my tax on it and then turn the balance of it back. However, there are important considerations of dignity and rank in dealing with representatives of foreign governments. It is to the advantage of this Government to have the Foreign Economic Administrator, as long as he holds what amounts to cabinet rank, have the same salary as other government officials of comparable rank.

Senator McKELLAR. That is the best argument I have heard for an increase of salary since I have been a member of this committee. You want to increase it for the influence it will give you and not for the salary, because you are going to turn the salary back to the Government?

Mr. CROWLEY. I am thinking of the office; that is what I have in mind.

LETTER SUBMITTED BY FOREIGN ECONOMIC ADMINISTRATION ON WOOL AND COTTON FOR THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

I have here now a letter, Senator, on our procurement policy regarding wool and the cotton that I should be very happy to read.

Senator McKELLAR. All right; proceed.

Mr. CROWLEY (reading):

JUNE 8, 1944.

Hon. KENNETH McKELLAR;

United States Senate, Washington, D. C.

MY DEAR SENATOR: In view of the questions which have arisen with regard to the procurement policy to be followed by the Foreign Economic Administration in the purchase of articles and supplies for the United Nations Relief and Rehabilitation Administration, I should like to outline briefly the major aspects of our policy:

In general, it is anticipated that the great bulk of the supplies made available by the United States will be procured within the United States. This over-all policy will of course be particularly applicable to those classes of goods of which there is a plentiful supply in the United States. To the extent practicable goods needed by the United Nations Relief and Rehabilitation Administration will be obtained from Government stock piles.

Thus, in the case of wool we shall to the extent of the available supply withdraw any wool needed for the United Nations Relief and Rehabilitation Administration from the Government-owned stock piles. We have no intention of, nor can we see any reason for, using any part of the United States appropriation for the United Nations Relief and Rehabilitation Administration to purchase wool held abroad.

The same considerations apply with equal force in the case of raw cotton. To the extent that the cotton we need is available in stock piles, purchases of cotton for the United Nations Relief and Rehabilitation Administration will be made from Government stocks.

From the administrative point of view, if the United Nations Relief and Rehabilitation Administration's funds are to be wisely managed, sufficient discretion must be left with the Foreign Economic Administration so that United Nations Relief and Rehabilitation Administration's funds may be utilized to the best advantage both of United Nations Relief and Rehabilitation Administration and of our own national interest. This point becomes of paramount importance when it is realized that a restriction such as the amendment added by the House placed on the use of the United States appropriation might well lead to restrictive action by the other 43 members of United Nations Relief and Rehabilitation Administration and thereby make the formulation of a coherent supply program well nigh impossible.

Very sincerely yours,

LEO CROWLEY.

STOCK PILE OF WOOL

Senator HOLMAN. You withdraw for U. N. R. R. A.'s needs, supplies that are already in the national stock pile. Who accumulates the stock pile?

Mr. COX. The Government.

Senator HOLMAN. Are they derived solely from domestic sources, or are they derived from all sources?

Mr. CROWLEY. As I understand it, Senator, the Government stock piles consist in part of domestic wool, but principally of Australian and New Zealand wool.

Senator HOLMAN. You do not yourselves accumulate these stock piles?

Mr. CROWLEY. No.

Senator HOLMAN. If the Government owns stock piles made up largely of imported wools, there is no relief for the domestic wool producer in your policy, is there?

Mr. CROWLEY. Yes; I think there is. If what you say were true, there would be no relief in this amendment either.

Mr. COX. Our policy is in line with the amendment.

Mr. CROWLEY. We intend to do what the amendment asks us to do.

EFFECT OF REDUCTION OF STOCK PILE

Mr. COX. The domestic wool producer is relieved by the policy we propose in this way. Let us suppose you have a thousand pounds of wool in a stock pile owned by the Government. That stock pile hangs over the market. If you reduce the thousand pounds of wool in stock pile to a hundred pounds, to that extent the effect on the market is reduced, whether the 900 pounds you took out were domestically clipped wool or foreign clipped wool. To my mind it is not of vital importance whether you draw from foreign-produced Government stocks or domestically produced Government stocks as long as you take the over-all stock pile and reduce it.

ACCUMULATION OF STOCK PILE OF WOOL

Senator HOLMAN. Just pursuing that subject clear to the end, who does accumulate the stock pile?

Mr. Cox. In the case of wool, the Defense Supplies Corporation acquired the stock pile of foreign wool and Commodity Credit Corporation the stock pile of domestic wool. Mr. Crowley submitted to Chairman Cannon for the record—and, of course, the letter is available to this committee—detailed facts on how the stock pile was procured, why it was procured, and what the present amount of it is in relation to domestic supply and need.

Senator HOLMAN. Have we been supplied with that for our record?

Mr. Cox. No; I think it ought to be placed in the record.

Senator MCKELLAR. Without objection, it may be included in the record.

Senator ROBERTSON. What has become of the original Australian stockpile? Has that been taken over by the United States?

Mr. Cox. Which stock pile do you mean?

Senator ROBERTSON. Some 250,000,000 pounds, I think, originally came in as the Australian stock pile when the shipping to Britain was impossible.

LETTER WRITTEN TO CHAIRMAN OF HOUSE APPROPRIATIONS COMMITTEE
ON STOCK PILES OF WOOL

Mr. Cox. This is the letter that was sent to Chairman Cannon under date of May 31, 1944. [Reading:]

DEAR CONGRESSMAN CANNON: In accordance with your request we have endeavored to obtain the information from the responsible agencies as to the stockpiles of wool held in this country. We are informed that the facts concerning these stock piles are as follows:

When the Japanese threat to Australia and New Zealand was most acute the War Production Board issued a directive to obtain one billion pounds of foreign wool for stock pile in the United States. At that time the Defense Supplies Corporation had already purchased 308,000,000 pounds of Australian wool at prices set at 10 percent less than the British commercial issue prices as of March 24, 1942, estimated to range between 30 and 32 cents a pound. Of this total amount, approximately 225,000,000 pounds remain in the stock pile. The necessity for insuring adequate wool supplies can be judged from the fact that we were consuming wool at the rate of approximately 1,000,000,000 pounds a year, while our yearly domestic clip amounted to only 460,000,000 pounds.

It was determined that it would be unnecessary to complete the purchase of 1,000,000,000 pounds under the War Production Board directive provided arrangements could be made to have the balance of approximately 700,000,000 pounds physically available in the United States. The British were in possession of large stocks of wool which were stored in this country, and an agreement was entered into between the two governments which provided that the British would place at our disposal in the United States sufficient wool to satisfy our stock-pile requirements, without any obligation on our part to purchase this wool until the actual need arose. We agreed to pay one-half of the transportation costs to this country on wool shipped after March 1, 1943, and one-half of the warehousing charges after that date while the wool was stored here. We agreed to pay for any wool we purchased from this British stock pile before July 1, 1944 the British free on board export price, country of origin, in effect on March 1, 1943. For any wool we may purchase after July 1, 1944, we will pay prices to be agreed upon.

The agreement with the British provides that no portion of the British-owned wool may be sold in the United States without an agreement having first been reached by the two Governments concerning the marketing of such wool in the United States so as to avoid a dislocation of normal wool marketing here. At the time of the signing of the agreement, the British had a total of 503,000,000 pounds of wool here which had been imported from Australia, New Zealand and the Union of South Africa. Shortly after the agreement was signed, further shipments were discontinued at the request of the War Production Board because it was determined that available storage space was needed more acutely for other commodities and that the need for wool was no longer as pressing as it had been. This joint stock pile with the British now amounts to some 462,000,000 pounds.

In addition to the British stock pile and the stock pile originally purchased by Defense Supplies Corporation, there are other stocks of foreign wool owned by the Government amounting to approximately 20,000,000 pounds.

We understand that the Government also has a stock pile of domestic wool purchased by the Commodity Credit Corporation at domestic ceiling prices of approximately 46 cents a pound less marketing charges of about 4 cents a pound. This stock pile, we are informed, contains approximately 175,000,000 pounds.

If I can furnish you with any further information, please do not hesitate to call upon me.

Sincerely yours,

LEO T. CROWLEY, *Administrator.*

What you have are two stock piles here of foreign wool, one owned by the United States Government and one by the British.

SHIPMENTS ABROAD WOULD BE FROM GOVERNMENT-OWNED STOCK PILE

Senator ROBERTSON. Yes. Then, your shipments abroad under U. N. R. R. A. would be from which stock pile?

Mr. Cox. The United States Government-owned stock pile.

Senator McKELLAR. Are there any other questions?

REVERSE LEND-LEASE

Senator BRIDGES. Mr. Cox, going back to a matter we discussed this morning, I raised the question of goods going from this country to Great Britain, for example, to be used by civilians. Those goods, in turn, would be sold by the British Government to civilians, and the money for those goods would go to the British Treasury and remain there. I asked you for the justification of that. I think you explained that Great Britain in turn used these funds to purchase goods to supply our armies and in reverse lend-lease. I asked you if that in turn was not using our money to buy goods in reverse lend-lease. I repeated our conversation in the testimony. It was not exactly clear to me. But there were several members of the Senate who asked that that particularly be brought up this afternoon. They were not satisfied with the explanation which I gave. So I wondered if you could go into that a little more fully for the record, because it is going to be an issue.

Mr. Cox. Yes. I think there are several points to be made. First, when supplies are furnished under Lend-Lease to a lend-lease country, such as the United Kingdom, there is a charge made on the books for the United States expenditure to buy those goods. That shows up on the books as a charge to the particular lend-lease country involved. Second, the receipts which are obtained from the sale to civilians of lend-lease supplies in a country such as the United Kingdom are obtained in the local currency of that country which is sterling and not

dollars. If the United Kingdom ever for any reason retransfers with our consent any of those supplies outside the country for a currency other than sterling it turns over that currency to us. Third, the expenditures which are made by the United Kingdom for supplies for our armed forces and for commodities which are exported to the United States are also made in sterling and Britain is supplying us that aid at a much higher rate than any receipts that they get from the sale of lend-lease food.

Again it must be realized that this is a two-way operation. When the United States Government sells goods which it has received from Britain as reverse lend-lease to its nationals for dollars—the local currency of the United States—the United States Government retains that currency in its Treasury. To illustrate, when we receive rubber, chrome, sisal, mica, or any of the strategic commodities or foodstuffs from the British under Lend-Lease for importation to the United States, we sell those supplies to United States industry and receive dollars. Those dollars are credited to the account of the United States Government under the Lend-Lease Act and are not turned over to the British any more than their collections from their people in local currency are turned over to us.

Mr. CROWLEY. I think you might point out to the committee what benefit the United Kingdom and our own Government derive from this.

Senator BRIDGES. I think that would be very interesting.

RECEIPTS ALSO RECEIVED FROM REVERSE LEND-LEASE SUPPLIES

Mr. Cox. Just as the British get receipts from the sale of lend-lease goods, so, in the same way, we get receipts from reverse lend-lease goods. The British do not benefit by being able to sell for sterling to their own people in the sense that they receive anything they can use to buy goods from this country after the war. The only effect is to take sterling from the pockets of the British people and put it in the treasury of the government. In other words, it is a purely internal transaction and doesn't improve the financial position of the United Kingdom as a country with respect to other countries. The British Government would get the same result if it were to give the food away to its people but impose a tax on the use of the food, although that, of course, would be administratively difficult. The point I am making is that the whole benefit to the British Government is that the food proceeds are, in a sense, a substitute for taxes, but the British people as a whole are no better off since they have to raise the necessary revenues for the government whether through paying for the food or through paying taxes. In the same way the United States Government raises revenue by selling reverse lend-lease goods here which it would otherwise have to raise through taxes. But I want to make it clear that this method of distributing lend-lease food in the United Kingdom by sale for sterling does not in any way affect the obligation of the British Government to the United States for the food. The food is charged to the British lend-lease account and will be taken into account in the final lend-lease settlement.

Senator BRIDGES. How closely do they balance out?

Mr. Cox. Do you mean what we receive from the British under reverse lend-lease and what they receive from us?

INCREASE IN REVERSE LEND-LEASE

Mr. CROWLEY Mr. Cox, should not our reverse lend-lease increase proportionately more in the next 6 months than it did during the first 6 or 8 months of lend-lease?

Mr. Cox. Oh, yes.

Mr. CROWLEY. In the beginning of lend-lease England was in a position where it was low in production. It was being bombed, and we were sending material over there. Now, however, the situation is greatly improved.

Senator McKELLAR. How is it now?

Mr. CROWLEY. We are still sending out more than we are receiving in reverse lend-lease; but reverse lend-lease is being gradually stepped up.

Mr. Cox. For example, Australia and New Zealand are furnishing reverse lend-lease aid at a rate as high as our lend-lease shipments to those nations. As the number of our troops abroad increases, normally, subject to available productive capacity and resources, we get more reverse lend-lease, because they supply our troops with everything that is available there. Also, the commodities and raw materials which are supplied to us by actual shipment from British possessions are steadily increasing.

DATA ON REVERSE LEND-LEASE

Senator McKELLAR. Do you have figures for the last 6 months, or do you object to putting them in the record?

Mr. Cox. No; we will supply you with the complete statement on reverse lend-lease which we furnished to the House Appropriations Committee.

(The information requested is as follows:)

STATEMENT ON REVERSE LEND-LEASE

The principal war benefit we receive from the lend-lease aid that we extend to our allies is the damage which they are enabled to do to our enemies—and theirs—because of the supplies we send.

In addition, however, the United States is also receiving from its allies a large volume of reverse lend-lease aid. Reverse lend-lease aid consists of goods, services, and information provided to the United States by our allies without payment by us and on the same terms as we provide direct lend-lease assistance.

A steadily increasing volume of reverse lend-lease aid has been furnished to us by our allies, principally by the countries of the British Commonwealth of Nations. We are also receiving reverse lend-lease supplies and services as the need arises from the French Committee of National Liberation, Belgium, the Netherlands, the Soviet Union, and China.

The following table shows the dollar value of reverse lend-lease supplies and services furnished to us, up to December 31, 1943:

TABLE 1

Country	Source of information	End date of report	Amount
United Kingdom: In United Kingdom.....	United Kingdom Govern- ment.	Dec. 31, 1943	\$1,366,170,000
In areas outside British Isles.....	do.....	do.....	160,000,000
Australia.....	Australian Government.....	do.....	362,365,000
India.....	U. S. Army and War Ship- ping Administration.	Feb. 29, 1944	149,512,000
New Zealand.....	New Zealand Government.....	Dec. 31, 1943	91,886,000
South Africa.....	Union Government.....	June 30, 1943	145,000
Belgian Congo.....	U. S. Army.....	Nov. 30, 1943	284,000
French North and West Africa.....	U. S. Army, Navy, and War Shipping Administration (estimated).	Jan. 1, 1944	30,600,000
New Caledonia.....	New Caledonian Government.....	Feb. 29, 1944	772,000
French Equatorial Africa.....	U. S. Army.....	Aug. 31, 1943	50,000
Netherlands in Surinam.....	do.....	Oct. 31, 1943	85,000
Russia.....	Russian Government.....	Sept. 30, 1943	1,000,000
China.....	U. S. Army.....	do.....	3,672,000
Total.....			2,166,541,000

These dollar figures are, however, at best an incomplete reflection of the value of the reverse lend-lease aid we have received. They do not include the value of vital information on military equipment freely turned over to us by the British and the Russians who had many hard months of battle experience before we entered the war. No financial valuation can be, or is, of course, placed on this type of aid either by the foreign governments or by ourselves.

The figures are incomplete for other reasons. They do not include all the reverse lend-lease aid rendered on the spot in combat areas. Furthermore, accounting is slow and incomplete at best, because reverse lend-lease supplies are provided at thousands of different places all over the world in large measure out of stocks on hand. This is in direct contrast to outgoing lend-lease supplies from the United States which flow from a single central source under unified appropriations and procurement procedure.

Moreover, reverse lend-lease expenditures by the foreign governments are made in their own currencies. The dollar values are arrived at by translating the foreign currencies into dollars at official rates of exchange which may not reflect the lower prices prevailing in foreign countries and may, therefore, understate the real value of the aid which we received from our allies. A Spitfire plane, for example, can be procured in Britain for about half the price of a comparable American plane. One dollar will buy about three times the quantity of butter in New Zealand than it will buy in the United States. It costs the Australian Government \$2.64 to purchase a blanket that will be turned over to our forces as reverse lend-lease. Substantially the same blanket costs \$7.67 in the United States.

THE BRITISH COMMONWEALTH

The Governments of the British Commonwealth estimate that they have spent more than \$2,000,000,000 for supplies and services furnished to our armed forces and merchant marine overseas as reverse lend-lease from January 1, 1942, to December 31, 1943.

TABLE 2.—*Total reverse lend-lease aid from British Commonwealth, through Dec. 31, 1943*

United Kingdom.....	¹ \$1, 526, 170, 000
Australia.....	362, 365, 000
New Zealand.....	91, 886, 000
India.....	114, 451, 000
Total.....	² 2, 094, 872, 000

¹ Includes \$1,366,170,000 for aid furnished our forces in the British Isles and for shipping services, together with \$160,000,000 for reverse lend-lease supplies transferred to our forces by the United Kingdom in various combat areas outside the British Isles. On the basis of records so far compiled from these overseas areas the United Kingdom Government estimates that these transfers totaled between \$160,000,000 and \$200,000,000 through December 1943.

² Does not include the value of strategic raw materials, commodities, and foodstuffs shipped to the United States under reverse lend-lease, other than benzol.

United States military and naval forces, our merchant marine and the Red Cross stationed within the British Commonwealth are receiving without payment virtually every type of supply and service they need which can be procured locally. In addition a large portion of the raw materials heretofore purchased for cash by United States Government agencies for import into the United States is now being supplied as reverse lend-lease. By the first of this year we were receiving reverse lend-lease aid from the British Commonwealth at a rate approaching \$2,000,000,000 a year compared with a rate of a little over \$1,000,000,000 a year for the 12 months ending June 30, 1943.

UNITED KINGDOM

The United Kingdom Government's estimates of its reverse lend-lease expenditures are shown in the following table:

TABLE 3.—*Reverse lend-lease aid by United Kingdom*

[Thousands of dollars]

[Conversion from pound sterling at \$4.03]

	To Dec. 31, 1943	To Sept. 30, 1943
Goods and services transferred in the United Kingdom.....	\$535, 990	\$407, 030
Shipping services.....	282, 100	225, 680
Airports, barracks, hospitals, and other construction.....	548, 080	471, 510
Goods and services transferred outside the United Kingdom.....	¹ 160, 000	-----
Total.....	² 1, 526, 170	1, 104, 220

¹ Overseas expenditures for reverse lend-lease aid are estimated by the United Kingdom Government to total between \$160,000,000 and \$200,000,000 up to Dec. 31, 1943.

² Figures reported by the United Kingdom Government for last quarter of 1943 are preliminary.

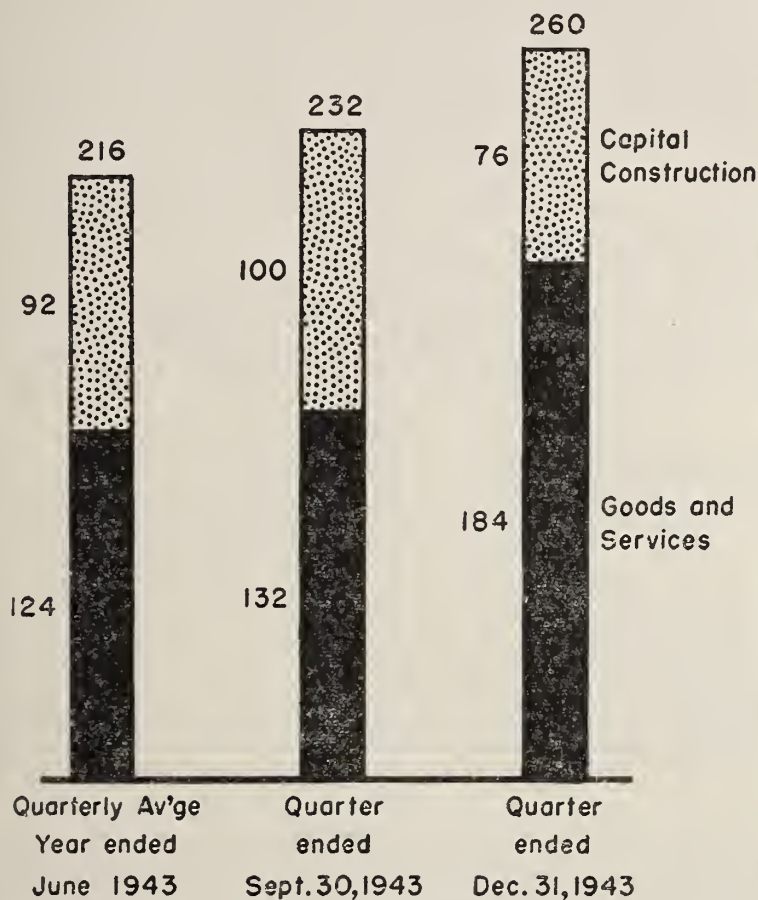
We are receiving reverse lend-lease aid from the United Kingdom at a steadily increasing rate. (See ch. No. 7.)

Tens of thousands of items, big and little, have been and are being supplied to United States Army, Naval and Air Forces in the United Kingdom as reverse lend-lease. Together, they constitute one-third of all the supplies and services currently required by United States forces in the British Isles. In addition, virtually all housing and headquarters accommodations, airdrome facilities, transportation services, civilian labor, and miscellaneous services needed by our forces are supplied as reverse lend-lease.

The supplies we have received for the Eighth and Ninth United States Army Air Forces range from several hundred planes to hundreds of thousands of small tools and parts for use in the big repair and maintenance depots, which the British have built for us along with the air bases from which our planes operate. Our fliers who must operate in the extreme cold of high altitudes and against heavy fighter and anticircraft opposition in their daylight raids, get specially armored flak suits and heated flying suits as reverse lend-lease and the British have also developed electrically heated muffs for our air-force gunners.

CHART 8

REVERSE LEND-LEASE AID FROM THE UNITED KINGDOM QUARTERLY - MILLIONS OF DOLLARS



The figures shown above do not include reverse lend-lease supplies transferred by the United Kingdom outside the British Isles, estimated between \$160,000,000 and \$200,000,000 as of December 31, 1943. Neither do they include the value of commodities shipped to the United States as reverse lend-lease aid, except benzol.

The British have now put into production and are turning over to us as reverse lend-lease newly designed and extremely lightweight auxiliary gas tanks. These easily jettisoned tanks have already enabled our P-47 Thunderbolt fighters to escort American Flying Fortresses and Liberators deeper inside Germany than ever before.

Two other reverse lend-lease items of vital importance to our fliers are the one-man dinghies devised and produced by the British for fliers forced down at sea and the mobile repair shops that have been provided throughout the British Isles for the salvage of planes which crash-land away from their bases.

Into our Air Force repair and maintenance depots flows a constant stream of reverse lend-lease materials, parts and other equipment necessary to maintain our aircraft at peak fighting efficiency and to meet constantly changing battle conditions. Recent requisitions to meet our plane repair and adaptation needs which have been filled by the British without payment by us include items as varied as 1,357,730 square feet of steel and light alloy sheets and 235,000 rubber shock absorbers.

United States Army Engineers in the United Kingdom have received as reverse lend-lease over 44,250,000 yards of steel landing mats, hundreds of miles of electric wiring, several million square feet of wallboard, millions of spare parts for motorized equipment and thousands of other items.

Twenty percent of the food consumed by our forces in the United Kingdom is provided as reverse lend-lease, in spite of British food shortages. Over three-fourths of United States Army medical supplies in the United Kingdom are supplied as reciprocal aid, together with both newly built and requisitioned hospitals and ambulance trains. Our forces had received by the first of this year such items of uniform equipment as 1,750,000 pairs of woolen socks and nearly 1,500,000 pairs of woolen gloves.

Besides the Air Force and Army bases and barracks built for us under reverse lend-lease, the British Government pays the bills for billeting United States officers and men in private residential buildings. In one area alone in the United Kingdom, the British have recently been paying for billeting 27,000 officers and men. All official telephone, telegraph and, and transportation costs of the United States forces and heat, light, and water bills are also paid for by the British.

AUSTRALIA

The Australian Government's estimates of its reverse lend-lease expenditures are shown in the following table:

TABLE 4.—*Reverse lend-lease aid from Australia, through Dec. 31, 1943*

[Conversion from Australian pound at \$3.23]

Stores and provisions.....	\$95, 121, 000
Technical equipment.....	8, 229, 000
Motor transport.....	31, 479, 000
Aircraft stores and equipment.....	35, 442, 000
General stores.....	43, 372, 000
Transportation and communication.....	28, 926, 000
Shipping.....	23, 280, 000
Works, buildings, and hirings.....	92, 990, 000
Miscellaneous.....	3, 526, 000
Total.....	362, 365, 000

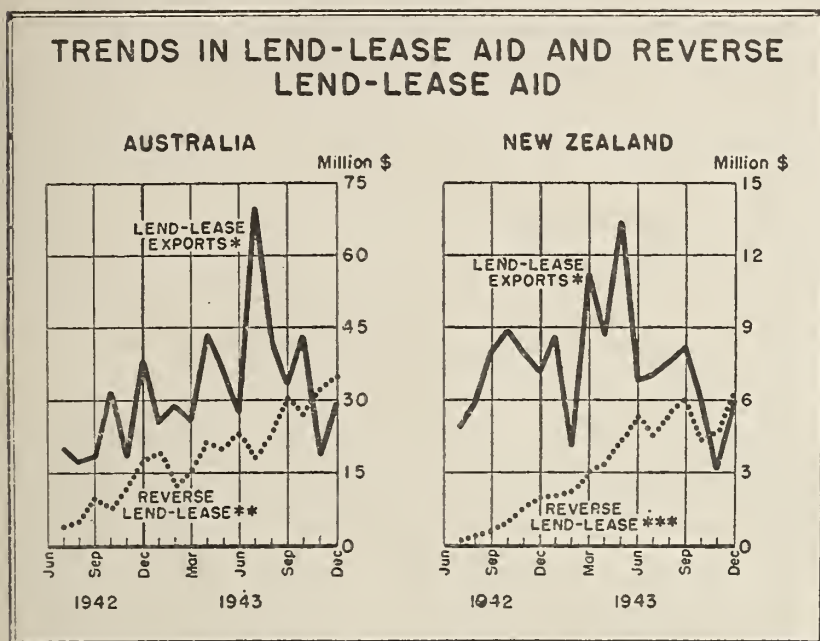
About 18 percent of Australia's current war expenditures are being made for reverse lend-lease aid to the United States. The rate of expenditure has risen rapidly and the Australian Government is now spending at the rate of a million dollars a day for reverse lend-lease aid furnished to us. The present monthly rate of reverse lend-lease aid furnished by Australia approximates the rate of lend-lease supplies being currently sent to Australia by the United States. (See ch. 8.)

More than 90 percent of the food for American forces in the Southwest Pacific theater is being supplied as reverse lend-lease by Australia, together with large quantities of food for the forces under Admiral Halsey's command in the South Pacific theater.

Up to January 1, 1944, we had received over 500,000,000 pounds of food from Australia, including the following major items:

Beef.....	pounds..	75,577,000
Pork.....	do.....	37,788,000
Lamb.....	do.....	12,596,000
Bread and cereals.....	do.....	100,831,000
Emergency rations.....	do.....	28,414,000
Fruits and vegetables.....	do.....	97,442,000
Canned foods.....	do.....	91,158,000
Butter.....	do.....	12,429,000
Sugar.....	do.....	28,562,000
Eggs.....	dozen..	32,060,000

In 1944, we expect to receive between \$150,000,000 and \$200,000,000 worth of food from Australia, including at least 250,000,000 pounds of meat.



* Exports on merchant vessels from United States.

** Official estimate of total cost to Australia of reverse lend-lease to United States.

*** Foodstuffs, supplies, and services. Excludes construction expenditures.

CHART 9

Among the thousands of miscellaneous items of equipment and supplies furnished to us by Australia are army boots and uniform shirts, jackets, and trousers by the hundred thousands. We expect to receive a million pairs of army boots alone in 1944.

Almost all the tires for American Army trucks are supplied as reverse lend-lease. Australia has turned over to us fleets of trawlers, launches, ketches, and small coastal steamers for use on the New Guinea and New Britain coasts and is currently engaged in a \$40,000,000 program for the construction of landing craft and barges for use in our Pacific operations.

As in the case of the United Kingdom, New Zealand, and India, the figures for reverse lend-lease aid from Australia converted to dollars from pounds at the official exchange rate understate the financial value of this aid to us because of lower prices for many items in Australia. For example, Australia is currently

engaged in filling reverse lend-lease orders for 1,000,000 blankets for the American Army at a cost to the Australian Government of \$2.64 a blanket. Substantially, the same item costs \$7.67 in the United States. Similarly, many important foodstuffs cost only half as much in Australia as in the United States.

NEW ZEALAND

The New Zealand Government's estimates of reverse lend-lease expenditures are shown in table 5.

The first American Army troops landed in New Zealand in June 1942. A month earlier the New Zealand Government made its first expenditures for reverse lend-lease aid in preparation for the arrival of our forces. New Zealand has spent \$6,500,000 for small vessels and landing craft which our forces are using in operations against Japanese island strongholds in the Pacific.

New Zealand provides almost all the food for American forces on the home islands, besides large quantities for our forces throughout the South Pacific area.

TABLE 5.—Reverse lend-lease aid from New Zealand, through Dec. 31, 1943

[Conversion from New Zealand pound at \$3.25]

Foodstuffs.....	\$29, 500, 000
Equipment and supplies.....	13, 367, 000
Repairs and services.....	13, 955, 000
Camps.....	6, 737, 000
Warehouses.....	6, 604, 000
Hospitals.....	6, 903, 000
Miscellaneous building projects.....	8, 320, 000
Ship construction.....	6, 500, 000
Total.....	91, 886, 000

Up to January 1, 1944, we had been supplied with over 300,000,000 pounds of food from New Zealand. Detailed reports for major categories were reported through November 1, 1943, as follows:

Butter, including canned.....	pounds..	14, 574, 821
Cheese, including canned.....	do.....	4, 940, 000
Eggs.....	dozen..	1, 885, 134
Bacon and ham.....	pounds..	20, 075, 324
Beef and other meats (frozen).....	do.....	¹ 86, 164, 964
Meat (canned).....	do.....	² 33, 767, 277
Milk (evaporated).....	do.....	6, 818, 542
Sugar.....	do.....	26, 715, 126
Tea.....	do.....	596, 462
Vegetables (canned).....	do.....	8, 445, 311
Potatoes.....	do.....	41, 550, 080
Other fresh vegetables.....	do.....	27, 807, 715
Apples (fresh).....	do.....	12, 160, 000

¹ About two-thirds consists of beef and veal.

² About half consists of beef and veal.

During 1944, the New Zealand Government expects to spend more than \$50,000,000 for foodstuffs for our forces, two-thirds again as much as during the preceding 19 months. To make this program possible the New Zealand Government is diverting large shipments of foodstuffs from those peacetime markets in which they are ordinarily sold for cash.

Today, as in the case of Australia, the monthly rate of the reverse lend-lease aid which we are receiving from New Zealand, with a population of 1,640,000 people, approximates the monthly rate of lend-lease supplies sent from the United States. (See chart 8.)

INDIA

The Government of India has not yet provided a statement of its expenditures for reverse lend-lease aid to United States forces in India, but receipts reported by the United States Army in this theater are as follows:

TABLE 6.—Reverse lend-lease aid in India, through Dec. 31, 1943, as reported by U. S. Army

Military stores and equipment.....	\$6, 598, 000
Transportation and communication.....	7, 627, 000
Petroleum products.....	40, 652, 000
Construction.....	43, 033, 000
Subsistence and miscellaneous.....	16, 541, 000
Total.....	114, 451, 000

The volume of reverse lend-lease aid provided to United States forces in India is going up tremendously. In January and February of this year alone American troops received over \$35,000,000 worth of supplies. This was as much in 2 months as we had received in the entire year of 1942 and half as much as we had received in the entire year of 1943.

A large part of the total is made up of petroleum products, including aviation gasoline from the British refinery at Abadan. We also receive postal, telephone, and telegraph services, equipment and construction assistance for our Army and Air Force bases, tropical uniforms for use in the intense heat of India and the jungle fighting in Burma and thousands of items of miscellaneous supplies.

Included in these miscellaneous supplies during the months of January and February, 1944 alone were:

Vegetables.....	pounds..	6, 800, 000
Socks.....	pairs.....	170, 000
Cloth.....	yards.....	300, 000
Trousers.....	pairs.....	175, 000
Diesel oil.....	gallons.....	700, 000
Underwear.....	sets.....	200, 000
Meat and fish.....	pounds.....	4, 000, 000
Fruit.....	do.....	2, 000, 000
Beverages.....	do.....	1, 000, 000
Bread.....	do.....	500, 000
Eggs.....	dozen.....	700, 000

OTHER COUNTRIES

Our other allies have not been in a position to provide reverse lend-lease supplies and services to American forces on the same scale, nor has the need for such aid arisen. The territory of some of the United Nations has been completely overrun by the enemy. The Soviet Union and China, both invaded, have required all they could produce, besides what we could send them, for fighting the invaders on their soil. Still others of the United Nations are too far from the fighting fronts for the need to have arisen to supply American forces. Nevertheless, each of our allies is providing us with reverse lend-lease aid in accordance with its resources and our needs.

The Government of the Netherlands pays as reverse lend-lease all of the expenses for local procured supplies for American forces in Surinam and the Netherlands West Indies. In the Belgian Congo, American forces are receiving barracks, transportation, and supplies and services as reverse lend-lease. The French Committee of National Liberation has provided reverse lend-lease aid estimated at about \$30,000,000 to our troops in French North and West Africa, in addition to aid furnished in New Caledonia and Equatorial Africa. This has consisted primarily of transportation services and assistance in the construction of bases needed by our armed forces. But it also includes millions of pounds of food grown in French North and West Africa and furnished to our forces in the Mediterranean area.

The Soviet Union provides ship stores, repairs, and other services to United States vessels in Soviet ports. China insisted on turning over without cost to the Fourteenth United States Army Air Force the 28 surviving P-40 planes of the one hundred used by the Flying Tigers. These planes were originally purchased for cash by the Chinese Government from the United States.

Senator McKELLAR. I think it will be very interesting to the Senators, at any rate. Is there anything else you gentlemen want to say? Mr. Crowley, is there anything else you want to say?

Mr. CROWLEY. No. Mr. Pierson is here and will speak to you.

EXPORT-IMPORT BANK OF WASHINGTON

STATEMENT OF WARREN LEE PIERSON, PRESIDENT

Senator McKELLAR. Mr. Pierson, we shall be glad to hear from you.

Mr. PIERSON. Mr. Chairman and gentlemen: My name is Warren Lee Pierson. I am president of the Export-Import Bank. I am appearing with Mr. Crowley for the Export-Import Bank. Our request is for an allocation out of our earnings, not a straight appropriation.

AMOUNT OF EARNINGS LAST YEAR

Senator McKELLAR. What are your earnings?

Mr. PIERSON. Our earnings for the last year were \$7,635,000.

AMOUNT OF INCREASE REQUESTED FOR ADMINISTRATIVE EXPENSES

Senator McKELLAR. How much do you want?

Mr. PIERSON. We would like to have the amount of \$32,200, which was taken off by the House, reinstated.

Senator McKELLAR. What was the reason for that?

Mr. PIERSON. There apparently was no reason; I believe it was done under a misapprehension.

Senator McKELLAR. What is the reason for asking that it be restored?

Mr. PIERSON. We are doing more work this year than we were last year and require the additional personnel which this amount will pay.

Senator McKELLAR. The amount involved is \$32,000?

Mr. PIERSON. It is \$32,200 additional; yes, sir.

Senator McKELLAR. Go ahead and explain it.

Senator HOLMAN. Do your earnings go into the United States Treasury, or do they go into a revolving fund?

AMOUNT OF OUTSTANDING LOANS AND AMOUNT OF ACTIVE COMMITMENTS

Mr. PIERSON. They go into a revolving fund, but our total loans are held to a fixed amount, \$700,000,000. At the present time, our outstanding loans are \$220,626,000. We have on our books active commitments of \$398,400,000.

Senator GURNEY. In addition to what is actually loaned?

Mr. PIERSON. Yes.

Senator McKELLAR. In addition to what you have actually loaned?

Mr. PIERSON. Yes.

Senator McKELLAR. How much will that run it up?

Mr. PIERSON. To \$619,026,000.

Senator McKELLAR. You have a limitation of \$700,000,000?

Mr. PIERSON. Yes.

COLLECTION RECORD

Senator BRIDGES. What part of those loans do you think are good or will be paid in full?

Mr. PIERSON. Well, I think they are all good, but any losses which I could anticipate will be far exceeded by our earnings to date.

Senator HOLMAN. Is that true of your past history?

TOTAL EARNINGS TO DATE

Mr. PIERSON. Yes, sir. To date our earnings have been \$33,963,000 as of June 6, 1944.

Senator McKELLAR. How long have you been in existence?

Mr. PIERSON. We have been in existence since 1934; we have been operating actively since 1936.

Senator McKELLAR. About 8 years?

Mr. PIERSON. Yes, sir.

Senator McKELLAR. You have earned \$33,000,000?

Mr. PIERSON. Yes, sir.

AMOUNT OF DIVIDENDS PAID AND AMOUNT OF RESERVES

Mr. CROWLEY. How much of a reserve have you built up during that period?

Mr. PIERSON. We have paid dividends on our preferred stock in excess of \$13,000,000 and have \$20,000,000 reserves.

Mr. CROWLEY. That preferred stock is owned by the R. F. C.?

Mr. PIERSON. Yes, sir.

Senator McKELLAR. In other words, it is owned by the Government?

Mr. PIERSON. Yes.

Mr. CROWLEY. So you have made \$20,000,000 to absorb your losses?

Mr. PIERSON. Yes.

Mr. CROWLEY. Do you think your losses will be less than \$20,000,000?

Mr. PIERSON. Yes. I think our losses will be substantially less than that.

Senator McKELLAR. Your gross earnings stand at \$33,000,000?

Mr. PIERSON. That is right, sir.

Senator BRIDGES. In other words, you consider yourself a going, solvent concern?

Mr. PIERSON. Very much so.

NATURE OF LOANS MADE

Senator McKELLAR. In a general way, what is the nature of most of your loans?

Mr. PIERSON. Most of our loans cover the export of heavy equipment from the United States, such as electric power plants, machinery, locomotives, cars and similar items.

Senator McKELLAR. All to foreign countries?

Mr. PIERSON. All foreign, yes, sir.

Senator BRIDGES. Give us an illustration of how it works, Mr. Pierson. Suppose you take a typical loan. How does it work?

RIO NEGRO PROJECT IN URUGUAY

Mr. PIERSON. We will take one of the more recent ones, the Rio Negro project, in Uruguay. That was a plant started by the Germans about 7 years ago. They built a dam and were going to install the equipment. In about 1941, we induced the company to get rid of the German contract when the dam was completed and to acquire equipment in the United States. Five of the leading electrical companies came to us to get a commitment for the loan, and with the proceeds of that they are supplying generating equipment, as well as transmission lines from the dam to the capital, Montevideo.

Senator McKELLAR. When will it be finished?

Mr. PIERSON. It will be finished a year from July.

Senator HOLMAN. I do not understand that, because at the very time the Government was, on account of priorities, curtailing and voiding authorizations of the Congress to complete hydroelectric plants in the West.

Mr. PIERSON. This was started before the war, Senator.

Senator McKELLAR. In what year was it started?

Mr. PIERSON. It was started in 1941. Our loan agreement provided that only one of four hydroelectric units could be acquired prior to the end of the war. That one was indispensable to prevent the capital, Montevideo, from blacking out entirely. Furthermore, due to short tonnage Uruguay was unable to import coal or oil for its steam plants.

BASIS FOR MAKING LOANS

Senator BRIDGES. What is the basis of your considerations in making loans? What do you have to be in order to get a loan from the Export-Import Bank?

Mr. PIERSON. Well, you have to have a proposition which, in our opinion, will assist the sale of United States merchandise and help our relations with the country involved.

Senator BRIDGES. I mean, do you predicate your loan on whether or not it would result in something favorable to the United States?

Mr. PIERSON. Unless we think it is something favorable to the United States, we will not do it.

TERM OF LONGEST LOAN

Senator BRIDGES. For how long do you commit yourself? For how long a time are these loans? Suppose you stopped making loans today. How long would this bank be in business?

Mr. PIERSON. The longest loan we have is for 18 years, payable in installments over 18 years.

Senator McKELLAR. Is there any limitation in the act upon the length of loans?

Mr. PIERSON. No, sir.

QUESTION AS TO NUMBER OF LOSSES

Senator McKELLAR. How many losses have you had?

Mr. PIERSON. We have had no losses to date.

Senator BRIDGES. How many of them, in that connection, in that short time have come due, if you say you have had no losses?

AMOUNT DISBURSED AND AMOUNT OF REPAYMENTS

Mr. CROWLEY. How much money have you loaned, and how much has been paid back so far?

Mr. PIERSON. We have actually disbursed \$456,573,000, and our repayments have been \$235,946,000.

ONE DELINQUENT LOAN

Senator HOLMAN. No delinquencies?

Mr. PIERSON. We have one delinquent in the amount of \$178,000.

Senator McKELLAR. What do you expect to lose out of that?

Mr. PIERSON. We expect to work it out.

Senator McKELLAR. That is fine business.

Senator BRIDGES. Generally speaking, do you have a tabulation of all the countries to which loans were made?

Mr. PIERSON. Yes, sir.

Senator BRIDGES. May we have that?

Mr. PIERSON. Yes; in fact, if I could leave this tabulation with the understanding that it would not be placed in the record but would just be handed to the committee, it would be appreciated. It is a very long record, and we would prefer not to make it public.

Senator BRIDGES. Just for our own information here, why should it not be made public? What are the reasons why it should not?

Mr. PIERSON. I should like to say this off the record.

(Mr. Pierson made a statement off the record.)

EXPORT-IMPORT BANK SET UP TO AID EXPORT TRADE

Mr. CROWLEY. Senator Bridges, the Export-Import Bank was set up, as you know, to help our export trade and was based on the principle that it would make loans that would not be made available through the commercial banking system. In other words, it might be for a longer period of time. Where the commercial banking system wants to participate, Mr. Pierson's organization has always permitted them to have the first call on that type of loan. It was set up entirely for helping our export service.

Senator BRIDGES. I see.

PARTICIPATION OF COMMERCIAL BANKS

Mr. PIERSON. It might be of interest for the committee to know that of our active loans, about \$80,000,000 of the amount now outstanding have been disbursed by commercial banks.

Senator BRIDGES. Do you mean that they have been taken over by commercial banks?

Mr. PIERSON. No; they are doing it either as our agents or are participating with us. They have handled the details of the loans, which has been very useful business for their foreign departments, particularly during the war.

Senator BRIDGES. In other words, you are using the private banking system where possible?

Mr. PIERSON. That is right. We have only 64 people in the bank, so with this volume of business we would either have to have a much bigger staff or use private banks.

PROCEDURE IN DETERMINING MERITS OF AN APPLICATION FOR A LOAN

Senator BRIDGES. Suppose you are proceeding to make a loan to X country for railroad equipment or for some particular thing. How do you determine the merits of the loan, and how do you proceed with the process of your investigation?

Mr. PIERSON. First, we study the railroad and its record, the necessity for the equipment, and the desirability of selling it, so far as our own manufacturers are concerned.

Senator BRIDGES. Do you ask for that, or do you send people there?

Mr. PIERSON. We occasionally send people out, but ordinarily we get most of our information through the Department of State, Commerce, or other agencies of Government who have information regarding the matter.

Mr. CROWLEY. You do have engineers who go into the thing?

Mr. PIERSON. Yes; we have engineers.

PERSONNEL AND SALARIES OF EXPORT-IMPORT BANK

Senator McKELLAR. How many employees did you say you have?

Mr. PIERSON. Sixty-four.

Senator BRIDGES. Of that number, how many are located in Washington?

Mr. PIERSON. All of them with one exception. We have had one man in Brazil during the last several months, but he is here now. All of our people are here now.

Senator McKELLAR. What is your aggregate pay roll?

Mr. PIERSON. It is \$220,480. Mr. Griffin tells me that that is for base salaries and does not include overtime.

POLICY OF INCREASING RESERVES

Senator BRIDGES. Is it your general purpose, along the line that I asked here originally and that Mr. Crowley developed in his further questioning of you, to constantly increase your reserves, so that you will at all times have sufficient funds to make up for the normal losses you may expect?

Mr. PIERSON. That is right.

INTEREST RATES RECEIVED ON LOANS MADE

Senator GURNEY. You say you have a profit there. What interest rate do you charge on the loans?

Mr. PIERSON. Interest rates have ranged from 3.6 to 5.5 percent.

INTEREST RATE PAID TO RECONSTRUCTION FINANCE CORPORATION

Senator GURNEY. Then, you get your money from the R. F. C., do you?

Mr. PIERSON. Yes, sir.

Senator GURNEY. What interest do you pay them for the money?

Mr. PIERSON. We pay 2 percent.

Senator GURNEY. So your profit is in the difference in interest rates?

Mr. PIERSON. Plus a commission in some cases where we handle the sale of equipment.

QUESTION AS TO WHETHER LOANS GO TO PRIVATE ENTERPRISES IN FOREIGN COUNTRIES OR TO GOVERNMENTAL AGENCIES IN THOSE COUNTRIES

Senator BRIDGES. Do these loans go wholly to private enterprises in these respective countries and not in any way to municipalities? Or do they in some instances go to municipalities?

Mr. PIERSON. In some instances they go to governments or government agencies, but the larger portion of them are used for purchases in this country.

Senator BRIDGES. What percentage, for example, goes to government agencies like municipalities? I mean public as contrasted to private.

Mr. PIERSON. Eighty percent of that money would be used in this country.

Mr. CROWLEY. Of the loans you are making, what percentage is made to private business, and what percentage is made for developments by public bodies? For instance, you finance a South American country for a railroad or a sewerage system. You do it because industries here are producing certain materials and certain things that you want to help them sell in South America.

Mr. PIERSON. That is right. Take a road, for example. We figure that about 70 percent of the average road loan would go for American equipment, materials, and services. Our railroad loans are entirely utilized in this country for equipment of one kind or another.

Mr. CROWLEY. I think that with priorities the way they are now, a lot of that development, of course, would have to be held up; but as soon as we get through with the war, there will be a demand.

Senator McKELLAR. Do you have a general statement, not too long, that you might place in the record?

Mr. PIERSON. Yes.

Senator McKELLAR. I wish you would, in order to give us an outline.

Mr. PIERSON. We made one for the House which is fairly comprehensive.

Senator McKELLAR. If it is already in the record, that is all right; there is no need to duplicate it.

METHOD OF WRITING OFF LOANS

Senator BRIDGES. When a loan is bad, and you have built up this reserve, is your set-up such that you are going to write that off? When do you write it off? When do you take it off the reserve and write off the loan as bad?

Mr. PIERSON. That, Senator Bridges, has not arisen yet. But we are examined by the national bank examiners, and we will take their advice on it.

NO LOANS WRITTEN OFF TO DATE

Senator McKELLAR. You have not written anything off up to date?

Mr. PIERSON. That is right.

Senator McKELLAR. You had one bad loan?

Mr. PIERSON. Yes.

Mr. CROWLEY. He is examined just the same as a bank would be examined. The items are spelled out. If there are any losses there, they are put in the loss column, just the same as they would be in a commercial bank.

BANK BORROW FROM RECONSTRUCTION FINANCE CORPORATION

Senator McKELLAR. You borrow from the R. F. C.?

Mr. PIERSON. We sell stock usually to the R. F. C.

Senator McKELLAR. It is the same thing?

Mr. PIERSON. Yes.

NO REQUIREMENTS ATTACHED TO A LOAN AS TO WAGES AND SALARIES TO BE PAID BY THOSE USING IT

Senator GURNEY. When you make these loans to South American countries, such as we heard about here, before you make and approve them are there any requirements of the Export-Import Bank as to salaries and wages that shall be paid the natives to put in this equipment?

Mr. PIERSON. No, we have had no occasion to do that, Senator, because most of the loan goes for United States equipment.

Senator GURNEY. I know, but to install a railroad or a road or a sewerage system down there, a lot of native labor has to be used.

Mr. CROWLEY. Do you mean the prevailing wage, or something like that?

Senator GURNEY. That is right. Do you have any requirements that the natives receive the prevailing wages in those countries?

Mr. PIERSON. We have made no such requirements.

Senator GURNEY. Absolutely none?

Mr. PIERSON. Not any.

Senator McKELLAR. You are dealing with it in a purely business way and not a governmental way?

Mr. PIERSON. That is right.

Senator McKELLAR. You have actually lost no money?

Mr. PIERSON. To date, no.

Senator McKELLAR. That is remarkable.

BENEFITS DERIVED FROM CONSOLIDATION OF RELATED AGENCIES UNDER FOREIGN ECONOMIC ADMINISTRATION

Mr. CROWLEY. Before I go, may I say to the Senators here that I think under the Foreign Economic Administration, where we have Export-Import Bank, Lend-Lease, procurement for U. N. R. R. A., economic warfare, export control, and acquisition of materials from abroad all in one place, it gives this Government an added check it did not have when they were carried on by 13 or 14 agencies. That, to my mind, helps meet the problems you were talking about this morning, Senator Bridges, as to what might be done with lend-lease goods, surplus materials, and things like that.

So you now have for the first time all foreign expenditures and operations, except military, in one place. Certainly, I think there is a

lot of advantage to our Government as a result. I think that while there undoubtedly have been some mistakes and some abuses, the kind of set-up we have will strengthen our position in handling those things in the future.

Senator McKELLAR. Are there any further questions, gentlemen? If not, we thank you, Mr. Crowley and Mr. Cox.

STATEMENT OF J. M. JONES, SECRETARY, NATIONAL WOOL GROWERS' ASSOCIATION, SALT LAKE CITY, UTAH

Senator McKELLAR. Mr. Jones, have you a statement you wish to make?

Mr. JONES. Mr. Chairman and gentlemen. My name is J. M. Jones. I am secretary of the National Wool Growers' Association, with headquarters in Salt Lake City. I have a short prepared statement I should like to present, if I may, Mr. Chairman.

Senator McKELLAR. Very well, sir.

USE OF DOMESTIC WOOL BY UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

Mr. JONES. The subject of my statement is the use of domestic wool by U. N. R. R. A.

In the appropriation bill passed by the House of Saturday, June 3, which is now before this committee, there is provision for funds for the United Nations Relief and Rehabilitation Administration. One of these provisions appropriates a specific sum of money for the purchase of wool to be used in fabrics manufactured in this country for the distribution to the distressed population of foreign countries.

In an effort to prevent U. N. R. R. A. from following out its expressed intention of using low-grade foreign wools in these relief fabrics because they are cheaper than domestic wools, Representative Case, of South Dakota, offered an amendment which would have required the use of domestic wool.

Senator GURNEY. You say; to prevent U. N. R. R. A. from following out its expressed intention.

Mr. JONES. Yes.

Senator GURNEY. When did U. N. R. R. A. express the intention to buy cheap foreign wool?

Mr. JONES. I should like to refer to a statement which was made in the hearings of the Subcommittee on Agriculture, of the House of Representatives, between the dates of February 14 and March 28, 1944.

Senator McKELLAR. Will you read that part of it?

Mr. JONES. This does not happen to be from the testimony of the U. N. R. R. A. I shall read the first part, as given by Congressman Barrett, of Wyoming, and then the answer to the question.

Senator McKELLAR. All right.

Mr. JONES. I beg your pardon, Mr. Chairman. I find, upon referring to this testimony, that what appears in the hearings is not what I had reference to.

But in the Congressional Record, House, for June 3, 1944, page 5341, Mr. Cannon spoke of a latter from the Foreign Economic Administration under date of May 31, 1944, which says [reading]:

The Government also has a stock pile of domestic wool purchased by the Commodity Credit Corporation at domestic wool prices of approximately 46 cents a pound, less marketing charges of about 4 cents a pound.

Mr. Cannon then went on as follows [reading]:

In other words, if this amendment is adopted and the wool is bought from the Corporation, U. N. R. R. A. will get less wool and less wool would be taken out of the stock pile to relieve the market for the benefit of the American producer. If the gentleman will modify the amendment, as suggested, instead of buying 46-cent wool we will buy 35-cent wool, U. N. R. R. A. will get more wool, and we will remove a larger amount of the wool overhanging the market.

The 35-cent wool is the Defense Supplies Corporation wool.

Senator GURNEY. Is the 35-cent wool foreign wool?

Mr. JONES. It is foreign wool, owned by the Defense Supplies Corporation.

QUESTIONS AS TO INTENTION OF UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION TO PURCHASE FOREIGN WOOL

Senator GURNEY. The question I wanted answered was this: You made the statement, Mr. Jones, that U. N. R. R. A. had expressed the intention of buying foreign wool, and you have not yet referred to any expression of theirs.

Mr. JONES. As to the expressed intention I am sorry I do not have that exact. I shall have to study this record and get it for you, if it is available in here.

(The information referred to follows:)

To the Senate Subcommittee on Appropriations.

The writer promised the Senate subcommittee, at the time the committee was considering the United Nations Relief and Rehabilitation Administration appropriation on June 8, 1944, and at the request of Senator Gurney, of South Dakota, to submit proof of the following statement:

"In an effort to prevent U. N. R. R. A. from following out its expressed intention of using low-grade foreign wools in these relief fabrics because they are cheaper than domestic wools, Representative Case, of South Dakota, offered an amendment which would have required the use of domestic wool."

In proof of this statement I should like to call the attention of the committee to the statement of F. Eugene Ackerman, textile consultant, executive director of American Wool Council, in the hearings before the subcommittee of the Committee on Agriculture, House of Representatives, on March 28, 1944, which is as follows:

"Mr. ACKERMAN. Your wool grower then faces this situation: 40 percent of our wool-textile-producing machinery for civilians will use foreign wool because foreign wool is cheaper and O. P. A. prices are based on the lowest cost raw material. Wool-textile manufacturing is a competitive business, and the saving on foreign wool per yard is appreciable in raw materials. As to the 25 percent which U. N. R. R. A. wants—where they use any new wool at all they will use foreign wool. Mr. Konheim, the head of the Textile Section, so told me. He said that U. N. R. R. A. was engaged in a relief task, that he had no interest in the domestic economy, that in the purchases of U. N. R. R. A. it was intended to buy foreign wool, bring it in in bond and use it, and that the effort to inject the required use of domestic wool into the situation was one of those panaceas in which he did not believe."

Respectfully submitted.

J. M. JONES,
Secretary, National Wool Growers Association.

Mr. CROWLEY. What we were getting at was that we do not want U. N. R. R. A. to go in and start bailing out these other governmental agencies with our funds and paying or absorbing their losses or paying exorbitant profits. All we should have to do is pay them the market price in using up the surplus.

Mr. COX. There is one other factual question. I do not think there is any statement of U. N. R. R. A.'s intention, with American appropriated funds, to buy foreign wool not owned by the United States Government or one of its agencies.

Mr. JONES. That is not their intention.

Mr. COX. No; but there is no supporting record, as far as I know. There is a letter in the Congressional Record of June 3 which quotes that as being U. N. R. R. A.'s intention, but U. N. R. R. A. is not in control in that sense, for the appropriation is to be administered by the F. E. A. Then we have to read the whole of Mr. Crowley's letter that Chairman Cannon referred to in the June 3 debate on the U. N. R. R. A. appropriation.

The statement Mr. Crowley made was that it was the intention of F. E. A., acting for the United States Government on the appropriation for U. N. R. R. A., to buy wool out of the U. S. Government stock pile. That is the statement.

Mr. JONES. What would that be? Foreign wool, might it not?

Mr. COX. It might be either foreign wool or domestic wool owned by the United States Government. That has lost its status, in the sense that the Government owns it.

Senator HOLMAN. May the witness complete his statement, and then see the letter that Mr. Crowley made of record?

Senator McKELLAR. All right. Go ahead.

LEGISLATIVE HISTORY OF WOOL AMENDMENT

Mr. JONES. In an effort to prevent U. N. R. R. A. from following out is expressed intention of using low-grade foreign wools in these relief fabrics because they are cheaper than domestic wools, Representative Case, of South Dakota, offered an amendment which would required the use of domestic wool. He did this by offering an amendment on page 5, line 11, of the appropriation which read [reading]:

Not to exceed \$21,700,000 shall be available for the procurement of raw wool from stock piles of the Commodity Credit Corporation of the United States Government.

Mr. Cannon, chairman of the House Appropriations Committee, objected to this amendment, because he said it would force U. N. R. R. A. to buy wool at 46 cents a pound, less handling charges, which is the ceiling price of the domestic wool bought and being held by C. C. C. He read a letter from Mr. Crowley of the Foreign Economic Administration emphasizing that this would be the case, Mr. Crowley said in his letter that the Defense Supplies Corporation owned wool that could be bought at 35 cents per pound, which U. N. R. R. A. intended to buy. This wool referred to is the reserve stock pile of Australian wools purchased by this Government as an emergency stock pile, which is now being sold at a series of auctions to civilian buyers and users. Mr. Cannon declared that if U. N. R. R. A. was

obliged to buy domestic wool it would be able to buy less wool and as a result "less wool would be taken out of the stock pile to relieve the market for the benefit of the American producer."

After considerable debate, the Case amendment was adopted, as follows [reading]:

Not to exceed \$21,700,000 shall be available for procurement of 61,700,000 pounds of raw wool from stock piles of the United States Government existing on the date of the approval of this act.

"What this amendment does is to practically require that the wools used in relief fabrics manufactured for U. N. R. R. A. in this country be the foreign wools held in stock pile of the Defense Supplies Corporation, which is for sale at approximately 35 cents per pound. The amount appropriated will buy the poundage of wool specified at this price." *Id., page 64.*

EFFECT OF AMENDMENT AS NOW WRITTEN

In other words, U. N. R. R. A., using American taxpayers' money, including that of the American wool grower, is creating a new market for foreign-grown wool while it further limits possible markets for our own domestic wool. Foreign wools produced below our cost of production have world markets. Domestic wool has only the American market. By reducing the stock pile of Government-owned foreign wool this action is merely advancing the date of increased importations of more foreign wools. There is a tremendous surplus of wool in Australia for which we are the chief market today, and there is more than sufficient transportation in the shuttle line of ships running between here and Australia to ship all the wool this country can convert into cloth. As it is, practically all of the civilian production of this country, approximately 90 percent of the production for the Navy and 25 percent of the production for the Army, are consuming foreign wools. U. N. R. R. A. has estimated that it will require 25 percent of domestic wool textile machinery to meet its needs, taking out of circulation a quarter of the Nation's productive capacity.

PROBLEMS FACING DOMESTIC WOOL GROWERS

Although domestic wool costs more than foreign wool, we believe that these relief fabrics should be made only of domestic wool. Fabrics made in Great Britain should and will use British wool. Domestic wool growers today face the most critical problems in their history. Their markets have been taken from them by imported wool sold at artificially established low prices by foreign governments. Now those low prices are to provide a new market in relief fabrics for other countries by our own Government.

AMENDMENT SUGGESTED TO REQUIRE PURCHASE OF DOMESTIC WOOL

We therefore respectfully urge that you support an amendment which will require that the raw wool used in relief fabrics be of domestic origin. We feel that it would be possible to accomplish this by

amending the Case amendment as reported by the House to require that [reading]:

Not to exceed \$21,700,000 shall be available for procurement of 61,700,000 pounds of raw domestic wool, or such amount of domestic raw wool as the foregoing sum shall purchase, from the stock piles of the United States Government, existing on the date of approval of this Act.

Senator McKELLAR. That is the same as the amendment suggested by Senator O'Mahoney. He is not here, but he has suggested that amendment. In other words, in the Case amendment, or House amendment, after the word "raw" insert the word "domestic."

Mr. JONES. Yes, sir; that is the substance of it.

Senator McKELLAR. All right.

Mr. JONES (reading):

Not to exceed \$21,700,000 shall be available for procurement of 61,700,000 pounds of raw domestic wool, or such amount of domestic raw wool as the foregoing sum shall purchase, from the stock piles of the United States Government, existing on the date of approval of this act.

We further urge that an amendment be inserted in the bill at the proper place which will require that any and all wools used for relief fabrics, whether provided for or not by special appropriation, shall be of domestic origin. In this way, it will be possible for the Commodity Credit Corporation to dispose of a part of the enormous store of some 600,000,000 pounds of domestic wool, which it will own without an adequate market during 1944.

AMOUNT OF DOMESTIC WOOL IN STOCK PILE, INCLUDING 1944 CLIP

Senator McKELLAR. You have on hand approximately 600,000,000 pounds?

Mr. JONES. That is what we will have available in 1944.

Senator McKELLAR. 600,000,000 pounds?

Mr. JONES. Yes, sir; of domestic wool.

Senator McKELLAR. How much have we now?

Mr. JONES. At the present time the wools are being taken off the sheep and graded and appraised. All of this is not yet in the hands of the Commodity Credit Corporation.

Senator HOLMAN. Is there a meeting of the minds between the wool growers and U. N. R. R. A.? Are they agreed on the facts?

Mr. Cox. No; I think you have two separate questions. One is the facts, and the other is the policy issue that is involved, based on the facts.

Senator HOLMAN. That is correct.

Mr. Cox. In the first place; there is nowhere near 600,000,000 pounds of domestic wool in stock pile at the present time.

Senator McKELLAR. He said out of the present crop. He said there would be in 1944.

Mr. JONES. That is correct, Senator. There are 200,000,000 pounds available right now from the 1943 clip, in the hands of the Commodity Credit Corporation, which is available for immediate consumption. There will be 400,000,000 pounds of domestic wool, conservatively speaking, from this year's domestic clip, which makes 600,000,000

pounds available for manufacture this year. It will all be available before very long.

Mr. Cox. You said in stock pile, which is a quite different thing from manufacture.

UNITED STATES NORMALLY A WOOL IMPORTING COUNTRY

What is the relationship between the domestic clip and the amount used up in this country?

Mr. JONES. Do you mean normally or today?

Mr. Cox. Normally or today.

Mr. JONES. We are deficient in this country normally, but we have imported such a large quantity of foreign wool at the present time that it is a drag on the market. Our domestic wool serves as an umbrella over the foreign wool, because our price is higher, imports of foreign wool continue and are continuing to come in at the present time regardless of the auction sales being conducted now by Defense Supplies Corporation.

Mr. Cox. As I see it on the facts, you get these two sets of questions. We are normally an importing country on wool; that is, we use up more wool than we produce out of the domestic clip. The second fact is that we now have in inventory a certain amount of wool owned by the Defense Supplies Corporation, which was bought under certain circumstances. We have also a stock pile owned by the British Government which can only be sold under certain circumstances with the consent of this Government. Then, there are certain importations of wool bought by private buyers because of its price.

As I see the policy issue from the standpoint of F. E. A. buying for U. N. R. R. A., we have the question of the stock pile owned by the Government, and the question, What are we going to do with it? It is obviously going to be sold in some way, either by auction or through Government agencies that buy and sell for fabrication. The central issue we have with a stock pile of X million pounds of wool is whether the Congress wants to say in iron-bound fashion that appropriated funds shall be used to buy from the Government itself the more expensive or the less expensive wool.

Mr. JONES. Mr. Chairman, may I answer that question?

Senator McKELLAR. Yes.

Mr. JONES. I think you fail to see the point on this. As I said a moment ago, domestic wool is an umbrella under which foreign wools come into this country and are coming in at the present time.

Senator HOLMAN. I do not understand the expression "umbrella."

Mr. JONES. The price of domestic wool at the present time is from 15 to 18 cents a clean pound higher than foreign wools. Consequently, foreign wools are used entirely in the production of civilian fabrics. The Navy is now using about 90 percent foreign wools in the manufacture of their fabrics, and the Army in its last large serge order permitted 25 percent foreign wool.

Senator McKELLAR. What is the tariff rate on wool?

Mr. JONES. The tariff rate on fine wool is 34 cents per clean pound—clean meaning after it is scoured.

Senator McKELLAR. Still it can be brought in here 15 cents a pound cheaper?

BRITISH GOVERNMENT PURCHASED ALL THE WOOL FROM ITS DOMINIONS
IN 1940 AND SOLD IT AT A LOWER PRICE THAN PURCHASE PRICE

Mr. JONES. Yes, sir. In 1940 the British Government made a contract with all of its dominions to purchase all the wool. They then sold their wool in their own country—that is, to their own manufacturers in England—for a lower price than they purchased it. It was sold in this country at a different price. We pay a little higher price, or have paid a little higher price, than the British Government sold wool to their own manufacturers.

Senator McKELLAR. The British Government bought all the wool from all of its dominions?

Mr. JONES. Yes, sir. I think they have never changed that base price since the war started, but they have increased the grower's price about 15 percent. In other words, they have given their growers a subsidy of 15 percent, but have kept their price to the mills the same.

There is no place for this domestic stockpile to go except to the Army. The Army has taken a great deal of it, and a portion has gone to the Navy. It will not move into the commercial market. About all of the wool used for the manufacture of civilian goods is foreign wool.

QUESTION IS FROM WHICH GOVERNMENTAL AGENCY THE WOOL FOR
U. N. R. R. A. SHOULD BE PURCHASED

If this wool for U. N. R. R. A. is taken from the Defense Supplies Corporation wool, all in the world it will do is advance the date when greater imports will come from South America and Australia, and we will still have and will continue to build a domestic stockpile with no place for it to go.

Mr. Cox. But you are still up against the central policy issue. I am not arguing which way it ought to be decided; I think it is a matter for Congress to decide as a matter of major policy whether it wants to virtually require a Government agency to pay a higher price to one Government agency for wool, than it can pay to another Government agency for wool. It may well be that we all agree we ought to help pay American farmers and wool growers to the fullest extent, but you still have the major policy issue that under the present tariff structure the Army, Navy, and civilian manufacturers of wool fabrics can buy wool from the foreign clip, even with the present tariff, at a cheaper price, and, therefore, do buy it, than they can buy the domestic clip. That, Senator, is your policy question.

Mr. JONES. May I continue a little further in that regard?

Senator McKELLAR. Yes.

Mr. JONES. I could go into the background of this whole thing, and this pretty well sets up what has happened in the past and who was responsible for the decrease in the British issue price of foreign wools into this country. I think probably we will find that the wools division of the War Production Board and the F. E. A. had something to do with determining that policy. But I should like to give you an

example of what the Foreign Economic Administration has done in regard to some wools from outside this country, just for illustration. I would like to know what the policy is, and I think this might give us an idea so you could clear it up.

PURCHASE OF WOOL FROM ICELAND

Mr. Scheuer, who is executive director of the Bureau of Supplies, of the Foreign Economic Administration, testified before the subcommittee of the Committee on Agriculture. I shall read just a portion of his testimony, from page 203. Before I begin, I will state that the Iceland Government asked that our Government buy their wool at 89 cents a pound, but that was refused [reading]:

The Department expressed its appreciation of the fact that representatives of our office and the War Production Board had estimated that the best resale price obtained for this wool would be 48 cents per pound, that freight and insurance amounted to approximately 4 cents per pound, and that the value of the wool f. o. b. Iceland was therefore some 44 cents per pound. The Department requested that the wool nevertheless be purchased f. o. b. Reykjavik at 60 cents per pound "in fulfillment of our commitments and for political reasons."

Then, this wool was purchased. It cost our Government about \$2,000,000. You wonder, then, what is the policy? They purchased this wool from Iceland at a price much higher than they could ever expect to get for it. They imported it into this country and sold it in competition with other wools. That is the policy of the Foreign Economic Administration also.

REASON FOR ACCUMULATING A STOCK PILE OF AUSTRALIAN WOOL

Mr. Cox. I think I can answer what the policy considerations are. In the first place, when Defense Supplies Corporation bought the original stock pile of wool, we had an emergency situation. Nobody knew whether Australia and New Zealand were going to be captured by the Japanese or not.

The second question at the time was that we were using more wool in this country than we produced. When they found out that the circumstances, as I understand it, from the standpoint of the Defense Supplies Corporation and the War Production Board, had changed so that they knew we had adequate supplies and that it was very unlikely that Australia and New Zealand or other sources would be cut off, they stopped buying for the stock pile.

I think one of the issues here is what happened in terms of the over-all Government position to wool that was bought and paid for by the Defense Supplies Corporation in relationship to what you want F. E. A. to do for U. N. R. R. A.

REASON FOR PURCHASES IN ICELAND

The second point is that Iceland was a completely different problem. At the time we took over Iceland the President made certain commitments to Iceland that we would exercise every effort to see that her economic situation was kept on an even keel, as a sort of quid pro quo for letting us enter the country and letting us have troops there, the base being important in keeping it away from the Germans and in connection with military operations later to be conducted in

western Europe. When the economic situation changed, we stopped buying their wool or other supplies. When the economic condition was bad, we bought those things, and that was done under the direction of the State Department and the President. The amount of wool we bought from Iceland was not significant in terms of the over-all American supply situation. What happens to the Defense Supplies stock in terms of Government effects if it cannot be sold for any purpose?

Mr. JONES. It can be sold for a purpose and is being sold for a purpose. I think they are in the seventh or eighth auction, and it is going out in very good order and will be disposed of quite rapidly. In other words, the sale of D. F. C. wool is now having a tendency to hold back further importation of foreign wools at the present time, and there is nothing to worry about on Defense Supplies wools, because it is moving into consumption. But domestic wool is not and will not at the difference in price.

Mr. Cox. If these stocks are disposed of, F. E. A., if it buys wool will buy the domestic clip. We have stated we will not buy wool abroad. Until you reduce the Defense Supplies Corporation stock pile, either by sale through auction or by purchase through Government agencies, do you not always have it hanging over the market? Is not the problem to reduce it, in that it will not increase importation?

Mr. JONES. That is the theory, and that is the thing they are attempting to do and they are doing. Imports are not coming in now quite as heavily as they did before that time.

In answer to your statement if the D. F. C. wool is all sold F. E. A. will buy domestic wool. There is plenty of wool available in the hands of Defense Supplies Corporation. Why not buy domestic wool now?

Senator McKELLAR. What is the amount of our supply from Iceland now?

Mr. Cox. None. We are not buying any wool from Iceland now.

MOST OF DOMESTIC WOOL IS OWNED BY COMMODITY CREDIT CORPORATION

Senator HOLMAN. You used the expression "stock pile of domestic wool." Did you mean a Government-owned stock pile, or did you mean an accumulation in warehouses and owned by private parties?

Mr. Cox. Senator, largely the condition today is that most of the domestic wool is owned by the Commodity Credit Corporation. There is, I think, some free wool still around. But we have issued an amendment which will provide that the person who owns that free wool may sell it to the Government agency.

Senator HOLMAN. It seems to me to be good American policy to use American-produced wool as long as wool is available and conditions are equitable to the Government. But if our stock piles are made up originally—Government-owned stock piles, I am talking about—largely from imported wools, it seems to me that if U. N. R. R. A. uses wools from the Government stock piles, we are just going to stymie the movement of domestic wools, and while we use up the Government-owned stock piles, we will be replenishing them from foreign sources. Am I correct on that?

Mr. JONES. That is very clear thinking on the whole thing. The Defense Supplies Corporation may not purchase more foreign wools.

That is not important. Commercial interests will continue to import foreign wools and will continue to use foreign wools.

Mr. Cox. But do you not have the same effect if private buyers buy and sell out of the Defense Supplies Corporation stock pile?

Mr. JONES. The same effect upon what?

Mr. Cox. The same effect upon importations.

Mr. JONES. The same effect as if you did import it?

Mr. Cox. If the Defense Supplies Corporation offers for auction a million pounds of Australian wool which is Government-owned, that means that a million pounds of domestic wool is not bought.

Mr. JONES. That is true. Commercial interests are not buying domestic wool anyway except to supply Army needs. They are not using anything for civilian fabrics. There is no sale for it otherwise.

Mr. Cox. But it has the same effect, it seems to me, on the nonuse of domestic wool whether the Government buys it at a cheaper price out of the Government-owned stock pile or producers buy it.

Mr. JONES. Yes; but Secretary Jones has definitely told us that there will be no more wool added to the Defense Supplies wool. So we are not worried about the Government taking any more foreign wool. We are in favor of the Government disposing of its foreign-owned wool at auction, for it just keeps out that much more imported wool. But if U. N. R. R. A. uses part of that supply of Defense Supplies Corporation, it will just hasten the period or day when further commercial importations of foreign wool will come under the umbrella of domestic wool.

USE OF SURPLUSES OF DOMESTIC COMMODITIES

As American taxpayers, we feel that as long as we have surpluses of domestic commodities, we should be entitled to use them where they do the most good.

Mr. Cox. I still do not see where the R. F. C., through one of its corporations, having for particular reasons bought and built up the stock pile made up of foreign wool—it has got the stock pile now—if it is put out at public auction and a manufacturer of clothing, whether for the Army or anybody else, buys it, that means to that extent he does not buy domestic wool.

Mr. JONES. That is correct.

Mr. Cox. It would have the same effect on the nonpurchase of domestic wool as it would if the Government for the purposes of U. N. R. R. A. bought from another Government agency. As to the effect on the ordinary private buyers, I would think it would be fairly difficult to measure, because importations, I should think, would be dependent on a lot of factors. One would be the price, another would be the shipping, another would be the tariff policy and what the Government policy was on importations.

Mr. JONES. Well, only actual experience. If importations are still being made, it must be financially profitable to import. But the question you and I do not see alike on is the fact that the quicker we reduce Defense Supplies Corporation wool that we have on hand, the quicker commercial imports of foreign wool will come in, and domestic stock piles continue to grow as the seasons change.

AMOUNT OF FOREIGN WOOL DEFENSE SUPPLIES CORPORATION OWNS

Senator GURNEY. For the record, could you state how much foreign wool Defense Supplies Corporation owns in its stock pile now?

Mr. JONES. That would be a little difficult. I do not have the exact figures. It was 330,000,000 pounds to start with, and I think it has been reduced to about 220,000,000 pounds of foreign wool still remaining. They are holding auctions, and have announced dates for continuing them.

Mr. Cox. We read those figures into the record. His figures are just about what we gave as the figures to date.

Senator McKELLAR. Are there any other questions, gentlemen? Is there anything else you wish to say?

Mr. JONES. No; thank you, Senator.

Senator HOLMAN. Do you suppose, Mr. Chairman, that either Senator Thomas or Senator Robertson would like to make any comment?

Senator McKELLAR. Do either of you gentlemen want to ask any questions?

Senator ROBERTSON. No. I think Mr. Jones has covered the situation very fully.

Senator THOMAS. I think you have the picture as the wool growers of the West see it. They certainly agree with Mr. Jones' position, and they are entirely opposed to the sale of this wool to U. N. R. R. A. in the way it is proposed by the Department to handle it.

Senator McKELLAR. All right, Mr. Jones; thank you.

STATEMENT OF LLOYD PRINCE, REPRESENTING AMERICAN FARM BUREAU FEDERATION

Senator McKELLAR. Please state your name and whom you represent, for the benefit of the record.

Mr. PRINCE. My name is Lloyd Prince. I am representing the American Farm Bureau Federation. I am appearing in place of Mr. Ogg today, who was originally scheduled to testify for us.

Senator HOLMAN. Tell us something about the Farm Bureau Federation. Is it a farm bureau, a Government agency, or is it an agricultural society, or what is its function?

Mr. PRINCE. It is not a Government agency. The American Farm Bureau Federation is an organization of 700,000 farmers representing that number of farm families. It is a federation of State farm bureaus. The State farm bureaus are federations of county farm bureaus. I might probably explain it better by saying that the American Farm Bureau Federation is in a sense the farmers' trade association.

I would like to make a brief statement supporting the principle enunciated in Mr. Jones' statement.

USE OF DOMESTIC WOOL IN THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION PROGRAM

At their quarterly meeting in Chicago last week, the Board of Directors of the American Farm Bureau Federation unanimously agreed to support the wool growers of the United States in their

demand that domestic wool be used in the processing or manufacture of any woolen textiles, fabrics, or garments exported from this country or paid for by the taxpayers of the United States under the U. N. R. R. A. program.

We believe that our domestic wool growers are justifiably alarmed over the enormous surpluses of wool, both domestic and foreign, that are piling up in this country to jeopardize the domestic market in the post-war period. It is a matter of real concern that this country seems to have become the dumping ground for the world's wool surpluses. Under present conditions, foreign wool is being used entirely to fill our civilian needs and some of our Government needs, and our domestic wool today has no consumptive outlet except through United States Army purchases and a small supply being taken by the Navy. If this is the situation in a period of unprecedented war prosperity, what will be the situation after the war?

Today the farmers and other citizens of the United States are giving up many things in order that vitally needed supplies may be dispatched to our allies and friends abroad. We are dividing up some commodities that are extremely scarce. Surely, as long as we are called upon to share our scarcities we should also be permitted to share our surpluses. And certainly as long as our taxpayers are footing the bill for U. N. R. R. A. to feed and clothe the hungry and destitute peoples of the world, the least we can do is to insist that we give priority to surplus American goods in the filling of this huge humanitarian order.

Senator McKELLAR. Are there any questions, gentlemen?

(No response.)

Is there anything further that you would like to say?

Mr. PRINCE. No; I do not think of anything further, Senator.

Senator McKELLAR. We are much obliged to you, gentlemen.

The hearing is concluded.

(The following information was subsequently submitted for the record:)

Summary of lend-lease aid, by country, cumulative to Apr. 30, 1944

TRANSFERS

(Thousands of dollars)

	Ordnance and ordnance stores	Aircraft and aeronautical material	Tanks and other vehicles	Vessels and other water- craft	Miscellaneous military equipment	Facilities and equipment	Agricultural, industrial and other com- modities	Testing, re- conditioning, etc., defense articles	Services and other expenses	Total
British Empire.....	2,167,424	3,366,390	2,486,346	2,399,563	846,102	321,109	4,930,805	142,401	234,977	16,895,117
Union of Soviet Socialist Repub- lics.....	660,875	969,178	970,866	203,404	329,858	296,838	1,397,844	1,567	8,863	4,838,823
China.....	37,010	95,901	26,497	4,315	8,573	1,308	21,862	-----	483	136,873
South American Republics.....	21,787	57,125	45,298	19,342	6,375	7,427	2,561	1,443	232	104,210
Mexico and Central America.....	3,432	11,119	2,884	1,093	458	16	199	1,443	42	19,698
Caribbean area.....	4,421	14,943	782	1,082	1,156	2	7	397	7	3,594
Other countries.....	22,713	58,156	9,390	118,866	11,875	1,021	70,700	27,334	6,006	326,121
Total transfers.....	2,917,562	4,559,952	3,542,063	2,747,168	1,203,937	627,721	6,424,035	173,316	250,632	22,446,386

SERVICES

	Rental of ships, ferry- ing of aircraft, etc.	Production facilities in United States	Servicing and repair of ships, etc.	Miscellaneous expenses	Total
British Empire.....	1,524,267	-----	283,825	52,215	-----
Union of Soviet Socialist Republics.....	212,102	-----	80,417	2,470	-----
China.....	13,737	-----	1,891	1,211	-----
Other countries.....	177,815	-----	56,818	37,548	-----
Total services.....	1,927,951	618,014	422,951	93,444	3,062,360
Total lend-lease aid (transfers and services) ¹	-----	-----	-----	-----	25,508,746

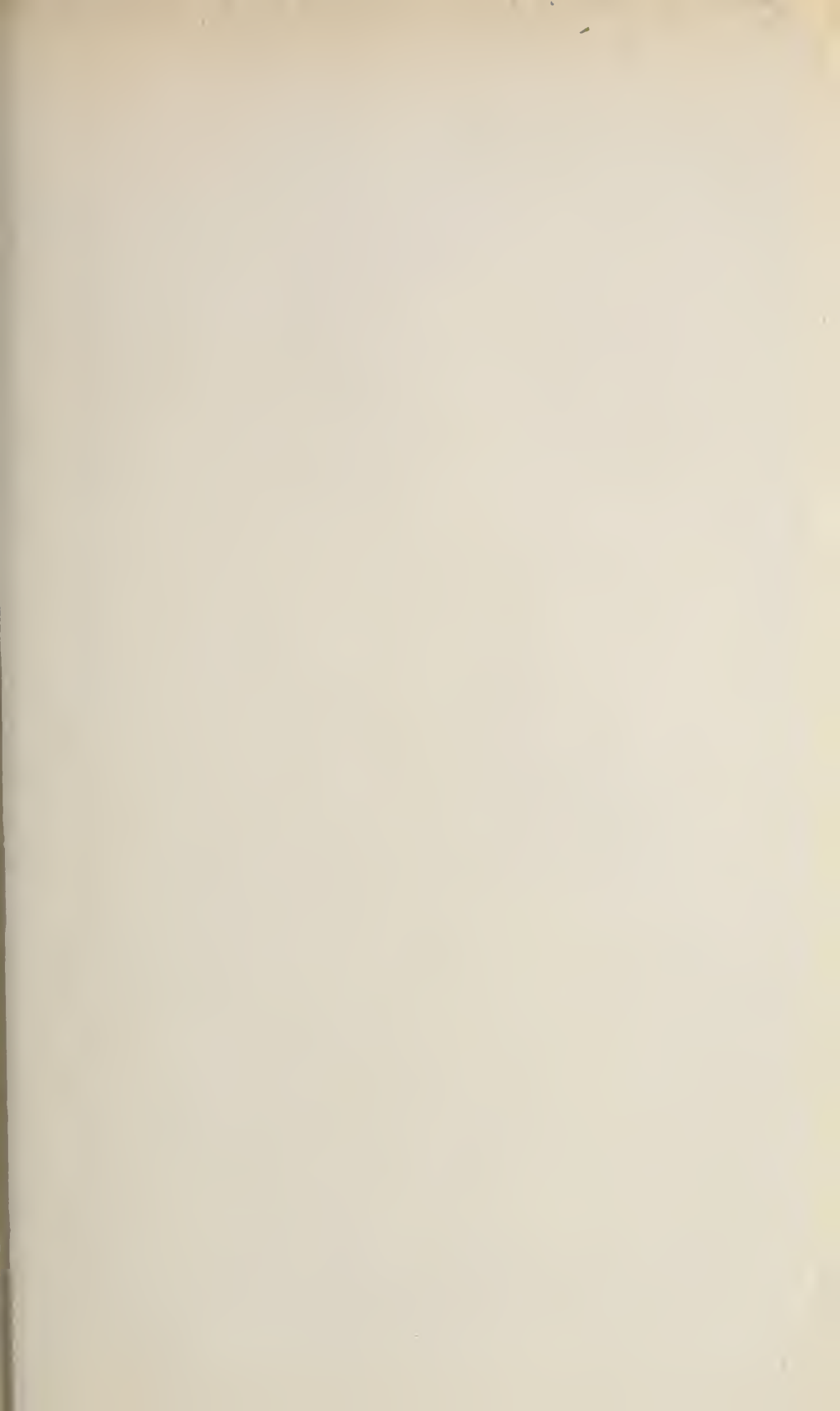
¹ Does not include the value of goods consigned to United States commanding generals in the field for subsequent transfer to lend-lease countries. The value of such goods con-
signed to Apr. 30, 1944, amounted to \$614,880,000.

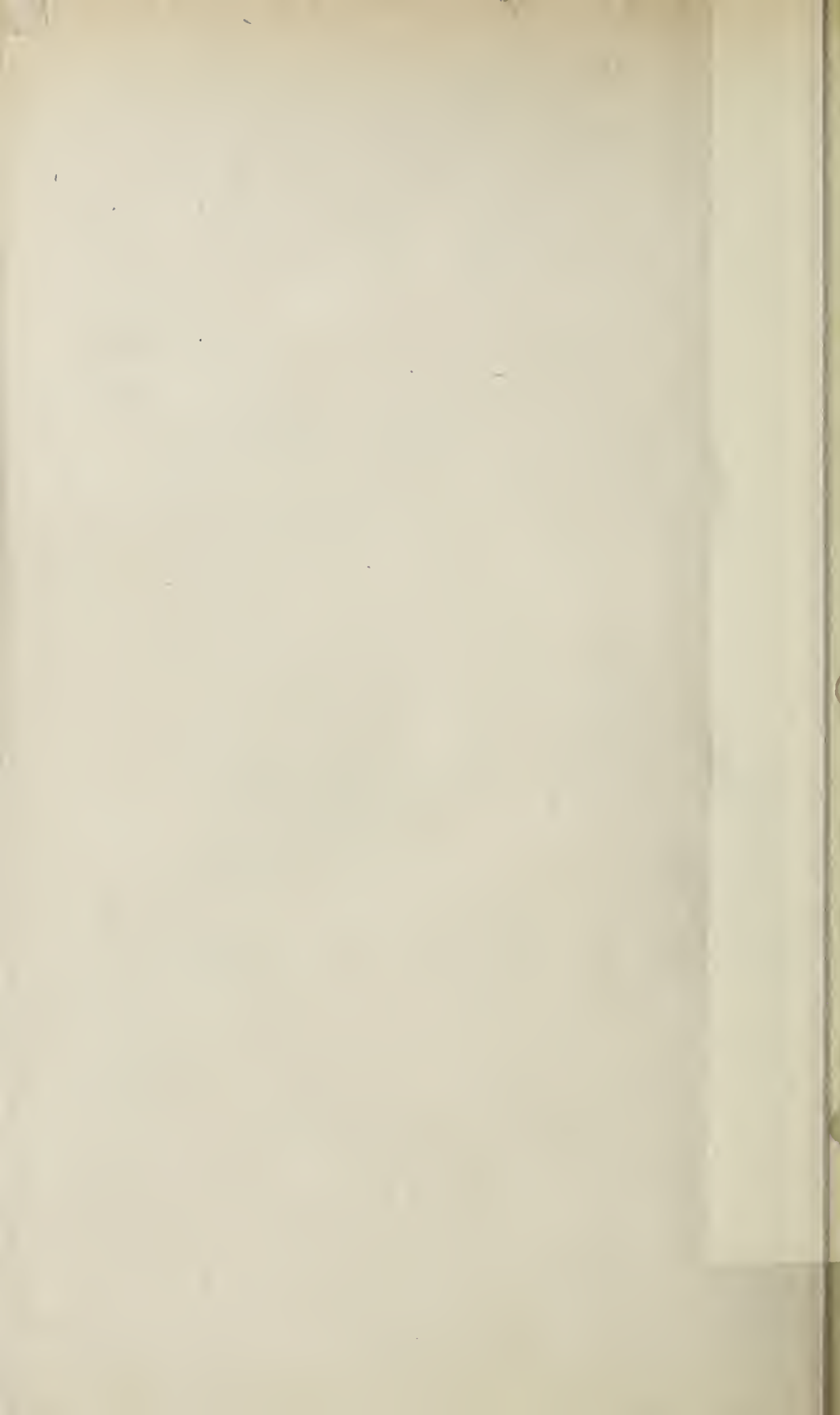
(Whereupon, at 3:30 p. m., Thursday, June 8, 1944, the hearing on the Foreign Economic Administration appropriation bill, 1945, was concluded.)

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FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL,
1945—INCLUDING DEFENSE AID (LEND-LEASE) AND PARTICIPA-
TION BY THE UNITED STATES IN THE UNITED NATIONS RELIEF
AND REHABILITATION ADMINISTRATION

JUNE 12 (legislative day MAY 9), 1944.—Ordered to be printed

Mr. McKELLAR, from the Committee on Appropriations, submitted
the following

REPORT

[To accompany H. R. 4937]

The Committee on Appropriations, to whom was referred the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made:

Amount of bill as passed House.....	\$3, 920, 070, 000
Increase by Senate.....	500, 000

Amount of bill as reported to Senate.....	3, 920, 570, 000
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Amount of estimates for 1945.....	3, 921, 451, 000
Amount of appropriations for 1944.....	6, 320, 243, 020

The bill as reported to Senate:

Under the appropriations for 1944.....	2, 399, 673, 020
Under the estimates for 1945.....	881, 000

The changes in the amounts of the House bill recommended by the committee are as follows:

INCREASES AND LIMITATIONS

Title II—United Nations Relief and Rehabilitation Administration

It is recommended by the committee that the following provision in the bill relative to the purchase of wool and cotton for the United

Nations Relief and Rehabilitation Administration be stricken from the bill:

not to exceed \$21,700,000 shall be available for procurement of sixty-one million seven hundred thousand pounds of raw wool from stock piles of the United States Government existing on the date of the approval of this Act and \$43,200,000 shall be available for procurement of three hundred and forty-five thousand five hundred bales of cotton now owned by the Commodity Credit Corporation,

and the following language inserted in lieu thereof:

not to exceed \$21,700,000 shall be available for procurement of sixty-one million seven hundred thousand pounds of domestic raw wool, or such amount of domestic raw wool as the foregoing sum will purchase, from stock piles of the United States Government existing on the date of the approval of this Act and \$43,200,000 shall be available for procurement of three hundred and forty-five thousand five hundred bales of domestic cotton, or such amount of domestic cotton as the foregoing sum will purchase, now owned by the Commodity Credit Corporation,

The Senate language limits the purchases to domestic raw wool and cotton.

Title III—Executive Office of the President

Foreign Economic Administration:

Salaries and expenses	\$500, 000
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It is recommended by the committee that the salary of the Administrator be fixed at \$15,000 per annum in lieu of \$10,000 per annum, as proposed by the House.

It is also recommended that the amount available for payment or reimbursement to employees for emergency or extraordinary expenses in connection with operations in foreign countries be increased from \$50,000 as proposed by the House to \$100,000.

Export-Import Bank:

It is recommended by the committee that the amount made available to the Bank from its funds for administrative expenses be increased from \$325,000, as proposed by the House, to \$357,200.

Total increase	500, 000
Amount of bill as reported to the Senate	3, 920, 570, 000

78TH CONGRESS
2D SESSION

H. R. 4937

IN THE SENATE OF THE UNITED STATES

JUNE 12 (legislative day, MAY 9), 1944

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MCKELLAR to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, the following amendment, namely: Under title II, on page 7, after line 8, insert a new section as follows:

1 SEC. 202. In addition to the sum appropriated by
2 section 201 of this title, any supplies, services, or funds
3 available for disposition or expenditure by the President
4 under the Act of March 11, 1941, as amended (22 U. S. C.
5 411-419), and Acts supplementary thereto, may be disposed
6 of or expended by the President to carry out the provisions

1 of the Act of March 28, 1944, without reimbursement of
2 the appropriations from which such supplies or services
3 were procured or such funds were provided: *Provided*,
4 That the supplies, services, and funds disposed of or ex-
5 pended under the authority of this section shall not exceed
6 a total value, as determined under regulations to be approved
7 by the President of \$350,000,000 and shall be charged to
8 the amount authorized to be appropriated by said Act of
9 March 28, 1944: *Provided further*, That the authority
10 granted by this section shall not become effective until the
11 United States Joint Chiefs of Staff shall have issued a certifi-
12 cation that the state of the war permits the exercise of such
13 authority and the utilization of lend-lease supplies, services,
14 or funds for the purposes of section 201 of this title; and
15 after such certification such utilization shall be upon the
16 determination of the Administrator of the Foreign Economic
17 Administration.

AMENDMENT

Intended to be proposed by Mr. McKellar to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

JUNE 12 (legislative day, MAY 9), 1944

Ordered to lie on the table and to be printed

deep from the Industrial Canal, New Orleans, La., eastward to a point at or near the Mississippi Sound mouth of the Rigolets, to the 40-foot contour in the vicinity of the Government light at the northern extremity of the Chandeleur Islands.

Second. House Concurrent Resolution No. 13, memorializing the Honorable Chester Bowles, Administrator, Office of Price Administration, and the Honorable Marvin Jones, Administrator, War Food Administration, to immediately revise price ceilings on farm products to comply with provisions of the Stabilization Act of 1942 and in accordance with the intentions of Congress in establishing the act; unless such steps are taken immediately memorializing the Members of Congress from this State to take the necessary steps to safeguard farmers and other citizens against such maladministration of the act when price-control legislation is extended.

Third. House Concurrent Resolution No. 15, memorializing the Office of Price Administration to remove ceiling prices from sales of raw furs.

Fourth. House Concurrent Resolution No. 22, memorializing the Congress of the United States to provide for the continued operation of the aluminum plant at Baton Rouge, La., operated for the Defense Plant Corporation by the Aluminum Co. of America.

The ACTING PRESIDENT pro tempore. Without objection, the resolutions presented by the Senator from Louisiana [Mr. ELLENDER] will be received, appropriately referred, and, under the rule, printed in the RECORD.

To the Committee on Commerce:

Senate Concurrent Resolution 8

Concurrent resolution approving the construction by the United States of a permanent deep draft channel 40 feet deep from the Industrial Canal, New Orleans, La., eastward to a point at or near the Mississippi Sound mouth of the Rigolets, to the 40-foot contour in the vicinity of the Government light at the northern extremity of the Chandeleur Islands

Whereas there is pending before the Board of Engineers for Rivers and Harbors in pursuance of a resolution by the Committee on Commerce of the United States Senate, adopted April 19, 1943, a request to review previous reports with a view to determining whether any modification of the recommendations contained therein is advisable at this time, particularly with respect to the advisability and cost of providing an emergency outlet from the Mississippi River in the interest of national defense and general commerce by the construction and maintenance of a permanent deep draft channel 40 feet deep, or such lesser depth as may be determined to be an economical ship channel from the Industrial Canal, New Orleans, La., eastward along the authorized route of the Intracoastal Waterway to a point at or near the Mississippi Sound mouth of the Rigolets, thence to the 40-foot contour in the vicinity of the Government light at the northern extremity of the Chandeleur Islands, and the district engineer is now taking testimony to report on this resolution; and

Whereas the Board of Commissioners of the Port of New Orleans is an agency of the State of Louisiana, created by Act No. 70 of 1893 of the General Assembly of the State of Louisiana, and among the duties delegated by the general assembly to the board is: "It shall be the duty of said board of commissioners to examine and investigate all questions relating

to the interest of the Port of New Orleans * * *"; and

Whereas acting under the above directive, the Board has caused to be made a thorough study of port conditions, its status as a port, its abilities and possibilities of better serving the Nation in time of war and in the post-war period, particularly the Mississippi Valley, and finds for the accomplishment of these objectives, the definite need for a deep, safe and dependable access channel to the sea, which the board of port commissioners believes should be dredged from a point on the Industrial Canal, utilizing that portion of the new link in the Intracoastal Waterway to a point at or near the Mischeaud Canal, and then extending to deep water in the Gulf at or near the Chandeleur Islands, and that the channel should have a minimum of 40-foot depth and a minimum of 700-foot bottom width; and

Whereas a 40-foot tidewater access channel to the sea should be provided as soon as possible as its construction would aid in the national defense and would furnish to the Navy, the Maritime Commission, and the Army, tidewater facilities and an access to the sea not now available; and

Whereas large naval vessels seldom enter the Mississippi River, because entrance and departure through existing channels entails a great risk; and

Whereas failure on the part of the Government to establish a modern navy yard graving docks and other facilities in keeping with the port's strategic location, is attributable to lack of tidewater facilities and safe and dependable access channels to the sea; and

Whereas the extent to which the Navy and the Maritime Commission are using the present tidewater facilities of the Industrial Canal, and of the tidewater canal specifically dredged for the use of Higgins Industries, clearly demonstrates the need for tidewater facilities in time of war; and

Whereas the construction, conditioning, and repair of Navy and maritime equipment now in process on these tidewater locations is limited in size and in scope, because of the necessity of passing through a vulnerable lock and the lack of a 40-foot channel to the sea; and

Whereas facilities of the ports on both the east and west coasts are taxed beyond their capacity and will be for a long time to come, and the west-coast ports will be kept for military purposes almost exclusively, New Orleans is the only port available for the concentration of the Nation's commerce; and

Whereas barge traffic on the Mississippi River has increased manifold in recent years and the use of this waterway, together with the numerous railroads serving New Orleans, makes this port the natural outlet for the foreign trade of the industrial empire of the Mississippi Valley; and

Where the port of New Orleans has met its responsibilities in the past and is prepared to do so in the future if provision is made at all times for accommodating the largest and most modern ships; and

Whereas the complete utilization of the river frontage and the necessity for still further expansion made necessary, two decades ago, the construction of the Inner Harbor Industrial Canal along whose banks there have been already built extensive industrial establishments and public docks and along which it is planned to locate future extensions of the public dock system; and

Whereas vessels now visiting the port of New Orleans must traverse either South or Southwest Passes; the width of the jetted channel at South Pass having been fixed 65 years ago and being inadequate for the needs of large modern vessels; and the decline in the discharge of Southwest Pass having made it impracticable to secure

a channel of the full width and depth advocated more than 45 years ago; and

Whereas a permanent and stable tidewater ship channel from the inner harbor at New Orleans to the Gulf of Mexico can be excavated and maintained at a reasonable and justifiable cost without encountering unusual or difficult problems, it being entirely practicable to dig that channel wide enough and deep enough to meet the needs of the largest vessels now desiring to use this port and to subsequently deepen and widen such channel whenever the need for such improvement arises; and

Whereas the State of Louisiana and the city of New Orleans have planned for the greater industrialization of the State and the city, to the end that the income of its citizens be put on a basis of fair comparison with citizens of other States; and

Whereas this project has been endorsed by the labor organizations, both A. F. of L. and the C. I. O., the American Merchant Marine Institute, New Orleans Steamship Association, ship owners and operators, and hundreds of civic and trade bodies throughout the Mississippi Valley; and

Whereas the construction of such a channel would provide employment for thousands during the war and the post-war period; and

Whereas the State of Louisiana is particularly fortunate in its production of minerals and chemicals, varied and in quantity, its forest and agricultural products are of respectable importance and subject to greater expansion; and

Whereas the State ranks high as a producer of oil and natural gas, and the proximity of producing wells to the site of the new proposed tidewater channel offers to industries desiring tidewater locations, fuel at the lowest possible cost; and

Whereas the construction of this tidewater channel to the sea, as proposed, would permit the development of a large area of land now practically valueless into an industrial center, the excavated material obtained from dredging of this channel and the connecting slips and laterals should be used for raising the adjoining marshland to usable elevation; and

Whereas the wharves and docks of concrete construction, shipside warehouses, and the much-needed foreign-trade zone, and industries of all descriptions requiring tidewater locations, would be located on the banks of this channel and its slips and laterals; and

Whereas the wharves and docks constructed on tidewater elevation would be at least 12 feet below those now on the river front, thus providing tidewater level from which water craft could be loaded and unloaded without adjustment to the varying elevation in the river of 20 feet or more; and

Whereas the wharves, docks, warehouses, and other facilities constructed in this tidewater area would not be subject to sliding or caving banks, as is the case on the river; and

Whereas all these facilities to be served by a system of railroad tracks and modern highways; and

Whereas the eventual construction and use of this tidewater port, made possible by a 40-foot channel to sea, coupled with the reduction in ocean freight rates brought about by the use of larger and deeper-draft cargo carriers, would result in almost unbelievable economies, which would bring about a saving throughout the entire Mississippi Valley and prosperity for the citizens of New Orleans and the State of Louisiana through the growth and expansion of the port's business: Therefore be it

Resolved by the Legislature of Louisiana (the house of representatives and senate concurring), That this legislature go on record as approving the construction and maintenance by the United States of a permanent deep-draft channel 40 feet deep from the Industrial Canal, New Orleans, La., eastward to a point at or near the Mississippi Sound

mouth of the Rigolets, thence to the 40-foot contour in the vicinity of the Government light at the northern extremity of the Châtelier Islands, according to plans of the Chief of Army Engineers; be it further

Resolved, That the Governor of Louisiana be, and he is hereby, empowered, in his discretion, for the purpose of aiding and assisting and cooperating with the Federal Government in the obtaining and completion of this project, to authorize any one or more of the several departments of state to grant the use of engineering construction and other equipment, and the services of technicians, engineers, and experts of such departments; be it further

Resolved, That the Congress of the United States is hereby memorialized to speedily authorize this project as being in the interest of national defense and general commerce; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the Secretary of War, the Chief of Army Engineers, and to the Louisiana Senators and all the Louisiana Congressmen, and to the members of the Rivers and Harbors Committee of the House of Representatives and the Committee on Commerce of the United States Senate.

Approved June 6, 1944.

To the Committee on Banking and Currency:

House Concurrent Resolution 13

Concurrent resolution memorializing the Honorable Chester Bowles, Administrator, Office of Price Administration, and the Honorable Marvin Jones, Administrator, War Food Administration, to immediately revise price ceilings on farm products to comply with provisions of the Stabilization Act of 1942 and in accordance with the intentions of Congress in establishing the act; unless such steps are taken immediately memorializing the Members of Congress from this State to take the necessary steps to safeguard farmers and other citizens against such maladministration of the act when price control legislation is extended

Whereas the Stabilization Act of 1942 definitely directs that farm prices shall be adjusted to meet changing conditions. Quoting from the act:

"Provided further, That modification shall be made in maximum prices established for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, under regulations to be prescribed by the President, in any case where it appears that such modification is necessary to increase the production of such commodities for war purposes, or where by reason of increased labor or other costs to the producers of such agricultural commodities incurred since January 1941, the maximum prices so established will not reflect such increased costs: * * * *Provided further*, That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor."

And whereas this language is very specific and mandatory in character. There can be no reasonable doubt but that Congress intended to require that ceilings on agricultural commodities must be adjusted from time to time to whatever extent necessary to get the maximum production and to offset farmers' increased labor costs and other costs since January 1, 1941.

And whereas in defiance of the clear wording and plain intent of this provision of the law, the administrators of the price control program have failed to make these

price adjustments. Maximum farm prices have been imposed in some cases below levels which would reflect parity prices to farmers. In other cases ceilings have been imposed below the support prices which the War Food Administrator determined were necessary to get adequate production. In other cases ceilings have been imposed below levels necessary to offset farmers' labor costs and other costs since January 1, 1941. For instance, in the case of presently existing ceilings on rough rice, the ceilings are below the levels of the year 1942 and violate the 1942 Emergency Price Control Act. In addition, while labor costs increased from 20 to 50 cents per hour from 1941 to 1944, or an increase of 150 percent, no provision was made for this increased cost or labor in establishing the maximum price ceilings on rough rice, even though the 1942 Price Control Act specifically states that "adequate weighting shall be given to farm labor." Farm labor costs have been increased from 100 to 300 percent in the different types of farming areas in Louisiana since 1941, according to the United States Department of Agriculture, and other costs, such as equipment, feed, seed, containers have increased accordingly. These cost increases, however, have not been considered in establishing the ceilings on the farm products produced in the State: Therefore be it.

Resolved by the House of Representatives of the Legislature of Louisiana (the Senate of the Legislature of Louisiana concurring), That this legislature do request and recommend that the Office of Price Administration take immediate steps to adjust all ceiling prices on farm products in accordance with the provisions of the 1942 Price Control Act in consideration of the intentions of Congress in establishing the act. Unless such steps are taken immediately to adjust the existing gross inequalities and failure to administer the act as passed by Congress, we recommend to the United States Senators and Members of the Congress of the United States from the State of Louisiana that they take adequate steps to safeguard farmers and other citizens against such maladministration of the act; be it further

Resolved, That the Clerk of the House of Representatives is hereby directed to forward official copies of this resolution to the Honorable Chester Bowles, Administrator, Office of Price Administration, to the Honorable Marvin Jones, Administrator, War Food Administration, and to each Senator and Representative of the State of Louisiana in the Congress of the United States.

Concurrent Resolution 15

Concurrent resolution memorializing the Office of Price Administration to remove ceiling prices from sales of raw furs

Whereas the application of ceiling prices as established by the Office of Price Administration to the sale of raw furs has worked an undue hardship on the trappers of the State, and the treasury of the State; and

Whereas a ceiling price has brought about a heavy loss of revenue to the State of Louisiana; and

Whereas the price of the dressed fur has increased about 80 percent but the price of raw fur remains at an unreasonable low figure: Now, therefore, be it

Resolved by the Legislature of Louisiana, That the Office of Price Administration be, and is, hereby memorialized to remove ceiling prices from sales of raw furs, be it further

Resolved, That copies of this concurrent resolution be immediately forwarded to the Louisiana senatorial and congressional representatives in Washington, and to the Office of Price Administration and to the press.

To the Committee on Military Affairs:

House Concurrent Resolution 22

Concurrent resolution memorializing the Congress of the United States to provide for the continued operation of the aluminum plant at Baton Rouge, La., operated for the Defense Plant Corporation by the Aluminum Co. of America

Whereas there has been invested \$25,000,000 in a modern plant for the conversion of raw material into aluminum oxide, which plant has been successfully operating for some time and gainfully employs 800 locally domesticated men and women; and

Whereas the products of this plant can be used for the many needs of our civilian population who, because of wartime restrictions, have not been able to freely secure articles made of aluminum; and

Whereas the continued operation of this plant will contribute materially to the welfare of the State of Louisiana and the Nation: Therefore be it

Resolved by the House of Representatives (the Senate of the State of Louisiana concurring), That this legislature does hereby memorialize the Congress of the United States to make provision for the continued operation of this plant for meeting the needs of our civilian population as well as the war uses of the products of this aluminum plant; be it further

Resolved, That copies hereof be sent to the Members of the Louisiana congressional delegation, the Vice President of the United States, Speaker of the House of Representatives, and officials of the Defense Plant Corporation.

Adopted at the regular session of the legislature for 1944.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BRIDGES, from the Committee on Military Affairs:

H.R. 4733. A bill to amend section 514 of the Soldiers' and Sailors' Relief Act; without amendment (Rept. No. 959).

By Mr. McKELLAR, from the Committee on Appropriations:

H.R. 4879. A bill making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes; with amendments (Rept. No. 960); and

H.R. 4937. A bill making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes; with amendments (Rept. No. 961).

By Mr. KILGORE, from the Committee on Military Affairs:

S. 1988. A bill to place glider units of the Army and Navy on the same parity as to pay allowances and privileges as now given to the air forces of the Army and Navy and paratroops; with amendments (Rept. No. 962).

By Mr. GURNEY, from the Committee on Military Affairs:

S.J. Res. 134. Joint resolution to provide for the establishment, management, and perpetuation of the Kermit Roosevelt fund; without amendment (Rept. No. 963).

By Mr. LUCAS, from the Committee to Audit and Control the Contingent Expenses of the Senate:

S. Res. 291. Resolution to investigate whether rayon and other synthetic products can be used as a substitute for cotton and wool; with an amendment.



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of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 78th CONGRESS, SECOND SESSION

Vol. 90

WASHINGTON, TUESDAY, JUNE 13, 1944

No. 109

Senate

(Legislative day of Tuesday, May 9, 1944)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of our fathers, facing tasks that tower above our power to achieve, with a sense of our utter inadequacy we bow for the strengthening benediction of our morning prayer. We come with hearts solemnized by the costly sacrifice which every day is being made to defend the liberty which is the very breath of our life. Hear our supplication as out of our gratitude and our grief, our longing solicitude wings its way over dim leagues to those absent, dearer to us than life itself, joined to us in a living fellowship that no danger or distance can sever.

The long rows of the fallen on far beaches stain the red of our flag to a new luster as, with aching hearts strangely moved, we salute the broad stripes and bright stars, singing softly in our hearts, not without sobs but with new meaning,

"O beautiful for heroes proved
In liberating strife,

Who more than self their country loved,
And freedom more than life."

As soldiers marching with them in that liberating strife, in this time of tumult, in this hour of danger, in this night of anxiety, give us calmness of mind, stability of purpose, consecration to duty, and a stern determination to finish the work which Thou hast given us to do. We ask it in the name that is above every name. Amen.

THE JOURNAL

On request of Mr. HILL, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Monday, June 12, 1944, was dispensed with, and the Journal was approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his secretaries.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore (Mr. GILLETTE). The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Green	Revercomb
Austin	Guffey	Reynolds
Ball	Gurney	Robertson
Bankhead	Hatch	Russell
Bilbo	Hill	Shipstead
Brewster	Holman	Stewart
Bridges	Johnson, Colo.	Taft
Buck	Kilgore	Thomas, Idaho
Burton	La Follette	Thomas, Okla.
Bushfield	Lucas	Thomas, Utah
Butler	McClellan	Truman
Byrd	McFarland	Tunnell
Capper	McKellar	Vandenberg
Chavez	Maloney	Wagner
Connally	Maybank	Wallgren
Cordon	Mead	Walsh, Mass.
Danaher	Millikin	Walsh, N. J.
Davis	Moore	Weeks
Downey	Murdock	Wheeler
Eastland	Murray	Wherry
Ellender	O'Daniel	White
Ferguson	Overton	Wiley
George	Pepper	Willis
Gerry	Radcliffe	Wilson
Gillette	Reed	

Mr. HILL. I announce that the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. O'MAHONEY] are absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from Kentucky [Mr. BARKLEY], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Kentucky [Mr. CHANDLER], the Senator from Idaho [Mr. CLARK], the Senator from Missouri [Mr. CLARK], the Senator from Arizona [Mr. HAYDEN], the Senator from Indiana [Mr. JACKSON], the Senator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are detained on public business.

The Senators from Nevada [Mr. McCARRAN and Mr. SCRUGHAM] are absent on official business.

The Senator from North Carolina [Mr. BAILEY] is necessarily absent.

Mr. WHERRY. The Senator from Illinois [Mr. BROOKS], the Senator from New Jersey [Mr. HAWKES], the Senator from North Dakota [Mr. LANGER], and the Senator from North Dakota [Mr. NYE] are necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is absent on official business.

The ACTING PRESIDENT pro tempore. Seventy-four Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1767) to provide Federal Government aid for the readjustment in civilian life of returning World War No. 2 veterans.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3476) to approve a contract negotiated with the Klamath Drainage District and to authorize its execution, and for other purposes.

The message further announced that the House further insisted upon its disagreement to the amendments of the Senate numbered 8 and 9 to the bill (H. R. 4559) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1945, and additional appropriations therefor for the fiscal year 1944, and for other purposes; agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SHEPPARD, Mr. THOMAS of Texas, Mr. COFFEE, Mr. WHITTEN, Mr. PLUMLEY, Mr. JOHNSON of Indiana, and Mr. FLOESER were appointed managers on the part of the House.

TRANSACTIONS BY UNITED STATES DISBURSING OFFICERS

The ACTING PRESIDENT pro tempore laid before the Senate a letter from the Acting Secretary of the Treasury transmitting a draft of proposed legislation to authorize certain transactions by disbursing officers of the United States, and for other purposes, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

PETITIONS

The ACTING PRESIDENT pro tempore laid before the Senate petitions of sundry citizens and representatives of various real-estate companies and cor-

porations of New York City, and vicinity, New York, praying for amendment of the rent-control section of the Emergency Price Control Act so as to remove alleged inequities therefrom, which were ordered to lie on the table.

PRICE CONTROL AND STABILIZATION PROGRAM—PETITIONS

Mr. AIKEN. Mr. President, I have received a petition reading as follows:

The new Senate-proposed price-control bill with 12 crippling amendments would break the back of price control and the whole stabilization program. If it became law it would be the beginning of real inflation which is bad for the people and our Nation at war.

We urge you work and vote for a strong price control law and full stabilization including wage adjustments to bring wages in line with already high cost of living.

The petition is signed by approximately 1,000 members of the United Electrical Workers Union, Local 218, of Springfield, Vt.

The ACTING PRESIDENT pro tempore. Does the Senator request that the petition be printed in the RECORD together with the names signed thereto?

Mr. AIKEN. I do not ask to have the petition or the names printed in the RECORD. I simply wish to have the body of the petition which I have read shown in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, the petition presented by the Senator from Vermont will be received and lie on the table.

ST. LAWRENCE SEAWAY—LETTER

Mr. AIKEN. Mr. President, I ask unanimous consent to read into the the RECORD and to have appropriately referred a very short statement or letter from the City Port Commission of Lorain, Ohio.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Vermont? The Chair hears none, and the Senator may proceed.

Mr. AIKEN. The letter is as follows:

CITY PORT COMMISSION,
Lorain, Ohio, June 9, 1944.

Hon. GEORGE D. AIKEN,
United States Senate, Washington, D. C.

DEAR SENATOR AIKEN: The members of the port commission of the city of Lorain, Ohio, wish to inform you that they have gone on record in favor of the St. Lawrence seaway, and wish to urge your support of this long-deferred and urgently needed project.

Respectfully yours,

J. ALBAN MINNICH, D. D. S.,
President, Lorain Port Commission.

The ACTING PRESIDENT pro tempore. Without objection, the statement presented by the Senator from Vermont will be referred to the Committee on Commerce.

Mr. AIKEN also presented a resolution of the City Council of Burlington, Vt., relating to the Great Lakes-St. Lawrence seaway and power agreement with Canada, which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution relating to urging prompt approval by Congress of the Great Lakes-St. Lawrence seaway and power agreement with Canada

Whereas the Burlington City Council has consistently advocated the St. Lawrence sea-

way, as embodied in the pending Aiken-Pittenger bill now before the Congress; and

Whereas the taxpayers have in 2 years already paid, in subsidies and lost income from direct electrical and transportation receipts, more than the cost of the St. Lawrence seaway itself; and

Whereas the shortage of feed, fuel, and other farm and civilian supplies, caused largely by the lack of proper water transportation, now retards the development, not only of the farm, but of mining and the industries of the Northeastern States, especially as compared with other sections of the United States; and

Whereas the cheap power generated and distributed would create a necessary and vast improvement in the agricultural and general welfare of labor and industry throughout New York and New England; and

Whereas 78 percent of the cost of this St. Lawrence seaway project is for labor, direct and indirect, which will contribute in no small way to post-war employment: Now therefore

Resolve, That the Burlington City Council urge prompt approval by Congress of the Great Lakes-St. Lawrence seaway and power agreement with Canada, in order that the project may go forward and thus create this new water highway with its great electrical benefits.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. HILL from the Committee on Military Affairs:

S. 1973. A bill to provide additional pay for enlisted men of the Army assigned to the Infantry who are awarded the expert infantryman badge or the combat infantryman badge; without amendment (Rept. No. 964).

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

RIVER AND HARBOR IMPROVEMENTS—AMENDMENT

Mr. MEAD submitted an amendment intended to be proposed by him to the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was ordered to lie on the table and to be printed.

APPROPRIATIONS FOR WAR AGENCIES—AMENDMENT

Mr. RUSSELL submitted an amendment intended to be proposed by him to the bill (H. R. 4879) making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 10, line 16, after "\$500,000" insert a colon and the following: "Provided, That not more than 25 percent of the part of this appropriation which is used for the payment of compensation for personal services shall be used for the payment of compensation of persons who are members of any race comprising less than 15 percent of the total population of the United States, according to the 1940 census."

SPECIAL COMMITTEE TO STUDY AND SURVEY PROBLEMS OF SMALL BUSINESS ENTERPRISES—LIMIT OF EXPENDITURES

Mr. MURRAY submitted the following resolution (S. Res. 308), which was re-

ferred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the limit of expenditures under Senate Resolution 298, Seventy-sixth Congress (providing for a study and survey of the problems of American small business enterprises), agreed to October 8, 1940, and continued by Senate Resolution 66, Seventy-eighth Congress, is hereby increased by \$25,000.

ADDRESS BY THE PRESIDENT ON OPENING OF THE FIFTH WAR LOAN DRIVE

[Mr. GEORGE asked and obtained leave to have printed in the RECORD the address delivered by the President of the United States on June 12, 1944, in connection with the opening of the Fifth War Loan drive, which appears in the Appendix.]

AMENDING PRICE CONTROL—EDITORIAL FROM NEW ORLEANS TIMES-PICAYUNE

[Mr. ELLENDER asked and obtained leave to have printed in the RECORD an editorial entitled "Amending Price Control," published in the New Orleans Times-Picayune of June 10, 1944, which appears in the Appendix.]

APPROPRIATIONS FOR DEFENSE AID (LEND-LEASE), U. N. R. R. A., AND FOREIGN ECONOMIC ADMINISTRATION

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 4937, making appropriations for defense aid. It is the lend-lease appropriation bill.

The ACTING PRESIDENT pro tempore. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. Mr. President, I ask that the formal reading of the bill be dispensed with, that it be read for amendment, and that committee amendments be first considered.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will state the first amendment of the Committee on Appropriations.

The first amendment of the Committee on appropriations was, under the heading "Title II—United Nations Relief and Rehabilitation Administration," on page 5, line 10, after the figures \$450,000,000, to strike out "not to exceed \$21,700,000 shall be available for procurement for 61,700,000 pounds of raw wool from stock piles of the United States Government existing on the date of the approval of this Act and \$43,200,000 shall be available for procurement of 345,500 bales of cotton now owned by the Commodity Credit Corporation," and to insert "not to exceed \$21,700,000 shall be available for procurement of 61,700,000

pounds of domestic raw wool, or such amount of domestic raw wool as the foregoing sum will purchase, from stock piles of the United States Government existing on the date of the approval of this Act and \$43,200,000 shall be available for procurement of 345,500 bales of domestic cotton, or such amount of domestic cotton as the foregoing sum will purchase, now owned by the Commodity Credit Corporation."

Mr. McKELLAR. Mr. President, the change here is principally in the use of the word "domestic" before the words "raw wool."

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Title III—Executive Office of the President—Office for Emergency Management—Foreign Economic Administration," on page 7, line 19, after the word "at" to strike out "\$10,000" and insert "\$15,000"; on page 8, line 15, after "(not exceeding \$90,000);", to strike out "\$19,500,000" and insert "\$20,000,000", and in line 16, after the word "exceed" to strike out "\$500,000" and insert "\$100,000."

The amendment was agreed to.

OBLIGATION OF CANDIDATES FOR PUBLIC OFFICE TO EXPRESS THEIR OPINIONS

Mr. HATCH. Mr. President, I do not like to interrupt the consideration of the appropriation bill in charge of the Senator from Tennessee [Mr. McKELLAR], but I wish to make a few remarks on the subject which I discussed briefly yesterday.

No man was ever more earnest than I was yesterday when I spoke very briefly about the duty and what I consider the obligation of men who aspire to high public office today to express their opinions and their views, plainly and unequivocally, because the issues of the day demand that men speak forthrightly, honestly, and frankly.

I was in earnest yesterday. I am in earnest today, and I reiterate and re-emphasize what I said yesterday. It is time, it is time now before the meeting of the conventions, before the elections are held, for the candidates, for men who seek high office, to tell the people and to tell the delegates to their own conventions just where they stand on every issue, foreign and domestic.

Yesterday the Senator from Indiana [Mr. JACKSON] eloquently spoke of the dead and dying on the beachheads of France, of those—and I am quoting the Senator—

Sons . . . lost in the Straits of Dover . . . boys . . . entangled in the barbed wire . . . bombed out of the sky, and (of those) precious and hopeful bodies (which) have been turned into putrescent flesh.

In those brief remarks the Senator from Indiana said:

I have now determined that some time before next election day, when my short term here will end, I shall make a special effort to speak in behalf of the aspirations of hu-

manity in the field of a permanent, perpetual, just, and Christian peace.

And again the Senator said:

America must learn of blood in order to realize that mankind is worth saving, and that if it is to be saved, it must be saved under the leadership of this Republic.

O Mr. President, I endorse every word of that utterance by the Senator from Indiana, but I do not want him, nor do I want others who also entertain strong and vigorous opinions, to delay too long in giving expression to their thoughts and views.

Right here, I think, Mr. President, it is not out of place to read a most moving prayer which was uttered by the radio commentator, Gabriel Heatter, on his broadcast of June 6 last. This is the prayer Mr. Heatter prayed:

Merciful God watch over these men. They march in a crusade for humanity and freedom. These are not men of war. These are not men of hate or vengeance. These are humble men. Men whose hearts will never forget pity and mercy. They fight to give all the children of men peace on earth. They fight to banish tyranny and fear. Merciful God our homes are empty—our hearts are torn with this desperate vigil.

Into your care we give our prayers—our lives—our sons—all that we are and can ever hope to be on this earth—send these men back to us—home to us—for they are part of man's spirit—of man's dream of a world which is free and where kindness lives—watch over these men—we who are meek and humble—we whose faith is strong ask this. Send these men back to our hearts and our homes—this is our prayer.

Mr. President, when we consider the men who are dying for these high principles, can any man hesitate to risk his political life, when the welfare of the Nation and of the world is involved? I repeat, Mr. President, the time is now.

I said yesterday, and I have said today, that I was as much in earnest as it is possible for a man to be, and I mentioned the fact yesterday that the last leader of the great Republican Party, the man it had chosen to be its candidate for President of the United States, was writing a series of articles outlining his views as to what the platform of his party should contain. In a way, I complimented Mr. Willkie for his forthrightness in so declaring what the Republican Party platform should contain; but not being a member of his party I hesitated to insert in the CONGRESSIONAL RECORD the article which Mr. Willkie had written. Naturally and surely, I thought, some Member on the other side of the Chamber, or some Member of the minority party in the House of Representatives, would place a statement of that kind in the CONGRESSIONAL RECORD. And while I had it here on my desk, being a Democrat, I did not ask permission to insert it in the RECORD.

This morning I went through the CONGRESSIONAL RECORD, hurriedly, to be sure, because our time is limited, but, so far as I can determine, and I think it is true, not a Republican asked that the views of their last candidate for President be made a part of the CONGRESSIONAL RECORD. Therefore, Mr. President, regardless of the fact that I am a Democrat, regard-

less of the fact that I have no right to speak and I do not speak for the Republican Party, I now ask unanimous consent that the article written by Mr. Willkie yesterday be included in the Appendix of the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

[Mr. Willkie's article of June 12, 1944, appears in the Appendix.]

Mr. HATCH. Mr. President, I shall not discuss what Mr. Willkie said yesterday, nor shall I discuss what he said in his article published this morning, but I now ask that the article written by Mr. Willkie appearing in this morning's newspaper be printed in the Appendix of the RECORD immediately following the article of yesterday.

The PRESIDENT pro tempore. Without objection, it is so ordered.

[Mr. Willkie's article of June 13, 1944, appears in the Appendix.]

Mr. HATCH. Mr. President, it is not important to me now what views Mr. Willkie is expressing, and certainly I would not attempt to argue or persuade or even suggest what the minority party ought to declare in its platform. That is for the Republican Party to determine. But the important thing, Mr. President, about which I am speaking, and about which I spoke yesterday, is this: It is important to declare now frankly, candidly, and forthrightly, exactly what is proposed, both internationally and domestically. As a boy we used to have a saying: "Say what you mean and mean what you say."

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. BRIDGES. Will the Senator apply that saying and send it as a special message to Mr. Roosevelt in the White House—to say what he means and mean what he says? If the Senator will do that, and if the President will apply that saying to himself in connection with international relations, we may know to some extent what his position is. But the President has made speech after speech in which his position has varied widely. The ideals which he expressed a few months ago have simply "gone with the wind." No one knows where he stands today. It is time he spoke out. He is the President of the United States. The country is waiting. The people of the country are listening. The leader of every other Allied country has spoken out clearly and unmistakably.

Mr. Roosevelt has been silent. The Senator purports to stand for the Atlantic Charter. Where does Roosevelt stand on the Atlantic Charter today? I should like to know.

Mr. HATCH. Mr. President, naturally the question which the Senator from New Hampshire has asked was anticipated. I naturally thought that someone would ask that question. Let me say to the Senator from New Hampshire that before I conclude my remarks, if he will remain in the Chamber, I shall tell him what Mr. Roosevelt stands for, and I shall tell him upon a record which

has been made for more than 25 years. I shall tell him in the language of the Scriptures, "By their fruits ye shall know them."

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. BRIDGES. Will the Senator include in that record how Mr. Roosevelt, in 1932, repudiated the League of Nations, for which Woodrow Wilson stood? He was a part of that administration. Will the Senator tell the whole record which includes more of the inconsistencies of the man who today sits in the White House?

Mr. HATCH. I can answer every question the Senator asks by the words of Franklin D. Roosevelt; if necessary; but, far better, by the acts which he has done as President of the United States, and by the risks he took as a candidate for office. I shall come to that later.

Mr. BRIDGES. The Senator certainly cannot compare the words and the acts; so I can see very clearly that he must follow either the words or the acts, because in many instances the words and the acts fail to coincide.

Mr. HATCH. I understand the Senator's position. Let me say to the Senator from New Hampshire that I appreciate the strong stand he has taken on international affairs. I wish to compliment him for the position which he has steadfastly avowed and followed. I wish that the Republican candidates for President, whoever they may be, were as strong, forthright, and vigorous in their statements as the Senator from New Hampshire has been.

Presently, before I conclude, I shall refer to the other matters in which the Senator is so much interested.

Mr. President, as I recall, when I was interrupted I had just reiterated a statement which we used to make when we were boys. In boyish language, we said, "Say what you mean, and mean what you say." That is what I am referring to now. As I said awhile ago, if the boys who are fighting on the beachheads of France equivocated and hesitated in their grim and ghastly duty, if they hesitated to take a stand, faltered, wavered, and retreated, the cause of freedom would be lost. If political lives are lost as the result of frank and candid discussion, is it not better for men to die politically than to win by evasion?

Rightly it may be asked why I, as a Democrat, am so much interested in what the other party may say or do. It may be asked, Why not wait until the convention has met and the platform has been written? Why not take what is said in the platform as the utterances of the candidate?

If we could rely upon platform declarations, that question would be proper, entirely in place, and I should be entirely out of place in asking, as I am doing, and as I did yesterday, that all men who aspire to office—and that includes Senators and Members of the House of Representatives, and includes Democrats as well as Republicans—shall frankly state their views on all issues.

Mr. President, I have a memory; perhaps it is too vivid a memory for my

own peace of mind; sometimes I wish I might forget; but my memory carries me back 24 years. It is a memory of great issues in a great campaign, which involved the principle of whether this Nation should take her rightful place and participate in the affairs of the world. I have a memory of a declaration made by the Republican Party in its platform 24 years ago. I read that plank today. It was a solemn declaration by a great party in convention assembled:

The Republican Party stands for agreement among the nations to preserve the peace of the world. We believe that such an international association must be based upon justice and must provide methods which shall maintain the rule of public right by development of law and the decision of impartial courts, and which shall secure instant and general conference whenever peace shall be threatened by political action, so that the nations pledged to do and insist upon what is just and fair may exercise their influence and their power for the prevention of war.

The declaration envisions military force, if you please, for the prevention of war. Twenty-four years ago the Republican Party wrote that strong declaration into its platform. Mr. President, experience has proved that we cannot rely upon platform declarations. The plank which I have just read is a stronger declaration than that of the Mackinac conference. It is even a stronger declaration of purpose and principle than was contained in the resolution which we adopted in the Senate a few months ago. Surely the declaration that "an international association must be based upon justice and must provide methods which shall maintain the rule of public right by development of law and the decision of impartial courts" embraced a principle which not only should have had universal support by all parties but should have been carried out faithfully, which was not done.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. BRIDGES. I wonder if the Senator can indicate at what time, approximately, he will tell where Roosevelt stands, where the Democratic Party stands, and where he stands at present on our peace aims. I should like to be present and listen to him.

Mr. HATCH. I shall not consume very much time. I wish to conclude these remarks. I shall probably conclude within 15 minutes at the most.

Mr. BRIDGES. I should like to hear what the Senator has to say on that subject.

Mr. HATCH. I do not suppose the Senator has any doubt as to where I stand.

Mr. BRIDGES. No; I think the Senator is very sincere.

Mr. HATCH. I have spoken all over the country—

Mr. BRIDGES. I should like to hear where Roosevelt stands, where the Democratic Party stands, and just how far in their views they are from the Senator from New Mexico.

Mr. HATCH. Very well. I shall answer that question now, since the Senator does not wish to stay, but wishes to leave.

I shall go back, as I say, 24 years. I shall go back to a time when it might have paid men, politically, to equivocate, when it might have paid men to make a speech on this side of the League of Nations, favoring it, which could just as easily have been interpreted as being on the other side, against it. As I shall presently show—and I mean no disrespect for the dead—that is exactly what the Republican candidate did in that year.

So I am going back 24 years, to read to the Senator the declaration of the Democratic Party. I will tell the Senator that at that time Franklin D. Roosevelt was a candidate for Vice President. It would have furthered his political aims if he had equivocated and had refused to stand on that platform. But, nevertheless, he took the dangerous way, the courageous way, and said, "On this plank I stand."

Mr. BRIDGES. Mr. President, will the Senator yield again?

Mr. HATCH. I yield.

Mr. BRIDGES. The Senator has been speaking of the very courageous manner in which President Roosevelt, the then candidate for Vice President, stood. I should like to have him explain to me why he repudiated that stand in 1932, when he was a candidate for President.

Mr. HATCH. Mr. President, the Senator crowds me too much; I cannot answer everything at once. I told him I would start with this. I will go along to 1932.

Mr. BRIDGES. Very well.

Mr. HATCH. I am also coming to 1936, 1940, and 1944.

I read further from the Democratic Party's platform in 1920:

The Democratic Party favors the League of Nations—

No equivocation about that—

as the surest, if not the only, practicable means of maintaining the peace of the world and terminating the insufferable burden of great military and naval establishments. It was for this that America broke away from traditional isolation and spent her blood and treasure to crush a colossal scheme of conquest. It was upon this basis that the President of the United States, in prearrangement with our allies, consented to a suspension of hostilities against the Imperial German Government; the armistice was granted and a treaty of peace negotiated upon the definite assurance to Germany, as well as to the powers pitted against Germany, that "a general association of nations must be formed, under specific covenants for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike."

There is no equivocation there.

For those things Franklin Roosevelt, as a candidate for office, stood in 1920.

I read further from the platform:

Hence, we not only congratulate the President on the vision manifested and the vigor exhibited in the prosecution of the war, but we felicitate him and his associates on the exceptional achievement at Paris involved in the adoption of a league and treaty so near akin to previously expressed American ideals and so intimately related to the aspirations of civilized peoples, everywhere.

Mr. President, I shall omit a part of the declaration, because it is long. Senators are familiar with it. But I ask

ing of IV-F men and their assignment where needed in essential industry. Much opposition has also been expressed to such a policy as being only another means of invoking the provisions of a national-service act.

Now we have the War Manpower Commission, in my opinion without constitutional or legislative authority, invoking the necessary provisions of any national-service legislation which might be enacted, and we find the War Manpower Commissioner effecting just such a program. If this plan works on a voluntary basis—and I hope it does, and I shall give my support to it—then of course we shall commend the War Manpower Commissioner for such a program. But the moment the War Manpower Commissioner attempts it by using one directive against another, by withholding priorities of materials from employers, in order to force them to do thus and so, then he is by edict compelling the conscription of labor, without legislative authority.

The question I am raising is not whether it is my opinion or your opinion, Mr. President, that we should have conscription of labor. That in itself has been provided by bills which have been introduced, but have not yet been brought to the floor of the Senate. But I say when the time comes that compulsion is used, then once again by Executive order the legislative function of Congress will have been overridden.

What the War Manpower Commissioner and the administration should do is come in the front door of the Capitol and persuade some Senator to bring up on the floor of the Senate one of the bills referring to the conscription of labor, and see what Congress thinks about conscripting the labor of the country. When that time comes, I shall be glad to see to it that compulsion is not used unless it is backed up by legislative authority of the Congress of the United States.

Now, Mr. President, I am glad to yield to the senior Senator from New Mexico.

Mr. HATCH. Mr. President, if the Senator has finished, I think I shall take the floor in my own right.

Mr. WHERRY. I yield the floor.

Mr. HATCH. Mr. President, a short time ago the very able and distinguished senior Senator from Michigan [Mr. VANDENBERG] addressed the Senate. I am sorry he is not now present. I told him what I would put into the RECORD, so he is not unadvised.

He referred to a speech made by the President of the United States in Boston. It was to be implied from his remarks, as well as from the subtle propaganda which has been spread over the country, that something President Roosevelt said in his Boston speech violated his subsequent acts; in other words, that he had deceived the fathers and mothers of America.

I give the Senator from Michigan full credit for saying he did not wish to inject such a thought into this debate; but as a matter of fact he did inject it into the debate; he did mention it; and he implied that Mr. Roosevelt had said

something at Boston which was contrary to subsequent actions.

So I sent for a copy of the Public Papers and Addresses of Franklin D. Roosevelt, volume 9. I shall read first from the speech he made at Boston, because that is the speech which those who would attempt to cast reflection upon the President so frequently have used.

Here are the President's exact words. The President said at Boston—I read from page 517, if anyone is interested:

And while I am talking to you mothers and fathers, I give you one more assurance.

I have said this before, but I shall say it again and again:

Your boys are not going to be sent into any foreign wars.

That ends the quotation, Mr. President, with all the implications which those who oppose the President seek to draw from it. There are other statements of the President which I shall later read, but I have chosen this one because it has been criticized on the ground that he assured the fathers and mothers of America that their sons would not be sent abroad to engage in foreign wars. I declare on the floor of the United States Senate that the pledge of the President has been kept. The sons of America have not been sent abroad in foreign wars. The youth of this land fight and die today in no foreign war. This war is our war. It is a war of the Republicans and the Democrats alike. It is a war of America. It is not a foreign war.

Why did the President use the words "foreign war"? Oh, I remember so clearly, Mr. President, how I sat in the Senate day after day and listened to arguments to the effect that the boys of America would be sent abroad to engage in every war between foreign nations—in wars in which we would have no interest. President Roosevelt assured the fathers and mothers of America that if their sons were sent abroad it would be to fight America's war. Are they not now fighting America's war? A vote was taken in the United States Senate with reference to entering into the present war. Senators made declarations. I made them and I meant them. I would never have consented to send our sons to fight the battle of someone else. Ninety-six Senators—if there were that many present—voted for the declaration of war. They were not voting to send the sons of America into foreign wars. They were voting to send the sons of America to fight America's war. I hope, Mr. President, that never again will anyone draw such an invidious and despicable inference from what the President of the United States said in Boston.

I did not quote all that he said. I have before me a copy of another speech which he made. I recall it very well because I was a member of the resolutions and platform committee of the Democratic Party at Chicago. I remember that there were those who urged that under no circumstances should America's soldiers be sent abroad. I recall quite clearly the firm stand which was taken by the President against such a resolu-

tion. I reveal no secrets when I say that the President said in effect, "Why, certainly I agree that American soldiers shall not be sent abroad." But he added, "except in case of attack."

Mr. VANDENBERG rose.

Mr. HATCH. I have recently read what I have already shown to the Senator from Michigan, and I have drawn the conclusion that when the President referred to foreign wars he meant foreign wars. We are not now engaged in a foreign war. We are engaged in America's war.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. VANDENBERG. I do not understand that the Senator has challenged the accuracy of my quotation. I believe I quoted the President precisely as the Senator has read.

Mr. HATCH. I am not quite sure about the quotation, but I showed it to the Senator from Michigan, and he agreed that it was correct. It was the quotation to which I have referred, and I am sure the Senator from Michigan intended accurately to quote it. If he did not do so it was due to a failure of memory.

Mr. VANDENBERG. I think I quoted it accurately, Mr. President. The only word that might have been omitted was the word "foreign." From my point of view that word would be the last one which I would wish to omit at that point.

Mr. HATCH. I doubt that the Senator omitted it. I wish to make it clear that I was not referring to the Senator from Michigan when, before he entered the Chamber, I said that I hoped never again would such an invidious or despicable statement be made as had been made, that the President's promise had been violated when he said that. I have not charged the Senator with that statement. It is invidious and more or less despicable, but I certainly did not apply it to the Senator from Michigan.

The Senator previously reminded me that we cannot take isolated cases in history. I was not doing so, but I had referred to what took place at the Democratic Convention and the fact that the President himself stood out for the words "except in case of attack."

I now read from another speech made by the President in his campaign. It is to be found in volume 9, at page 495. He said:

We are arming ourselves not for any purpose of conquest or intervention in foreign disputes.

I think the President was exactly right. At least his statement expressed my theory. I voted for all measures to prepare this country for war, not from the standpoint of intervening in any foreign dispute but purely from the standpoint of defense.

On this subject the President said:

We will not participate in foreign wars.

That was a flat declaration. It was a repetition of what he had said at Boston, although this statement was made first. In effect he said, "We will not intervene.

When two foreign nations get into a war, let them fight it out."

Then he said:

We will not send our Army, naval, or Air Forces to fight on foreign lands except in case of attack.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. LUCAS. The statement which the Senator from New Mexico has read is one which many persons fail to remember. Those who are inclined constantly to attack the administration because of the phraseology which the Senator has read, always, either through ignorance, or through willfulness, fail to include the entire statement which the President made. That statement was carried out in the platform of the Democratic Party in 1940, while the Republican platform was completely silent upon the subject.

Mr. HATCH. I have already mentioned that point. I was a member of the platform committee, and I remember quite well, as I stated a moment ago, that there were members of our committee who flatly insisted on a resolution that under no circumstances would our sons be sent abroad.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. VANDENBERG. I see no utility in extending the argument, but I wish to refer to the observation made by the Senator from Illinois.

The two quotations which the Senator from New Mexico gave were taken from different speeches, were they not?

Mr. HATCH. One was taken from the speech made at Boston, and the other was taken from a speech in Philadelphia.

Mr. VANDENBERG. It is not true that it is a failure properly to quote the President to say that he said, "I tell you again and again and again that"—

Mr. HATCH. "You fathers and mothers"—

Mr. VANDENBERG. "You fathers and mothers, that I will not send your sons into foreign wars."

Mr. HATCH. That is correct.

Mr. VANDENBERG. The qualifying phrase "unless we are attacked" came from a different speech, and I assumed from the observation of the Senator from Illinois that he was accusing anyone of being dishonest who quoted the President's speech without adding the phrase "unless we are attacked," which was a part of a totally different speech.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. LUCAS. It was during the campaign of 1940 that the Boston speech was made.

Mr. HATCH. That is correct.

Mr. LUCAS. There can be no question that the President made the statement not only once, but twice.

Mr. HATCH. Yes.

Mr. LUCAS. Notwithstanding the policy which was laid down at that time by the President of the United States, I assert that he is continually being mis-

quoted. Those who want to take all the speeches that the President made upon foreign policy—and that is the only way it can be ascertained what he actually meant—are doing the President of the United States a disservice by referring to a single quotation without adding to it what the President said in his Boston and other speeches.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. HATCH. I yield.

Mr. VANDENBERG. The Senator just said exactly what I undertook to say in the remarks I made to the Senate a short time ago. The quotation to which I referred and everyone who heard me knows I said it—was used solely to prove the precise point the Senator from Illinois now makes. What I was objecting to about the speech of the able Senator from New Mexico was that he had taken isolated sentences out of ancient Republican history and had endeavored to base an indictment upon those quotations, whereas if the whole story be told in each instance the net result may be precisely as indicated by the Senator from Illinois with respect to the quotation of the President regarding foreign policy.

Mr. HATCH. Mr. President—

Mr. VANDENBERG. That is the reason why if the Senator from New Mexico will permit me I prefaced my quotation by saying that I had never made it heretofore in public, that I never intended to make it again, and that I do not believe in that sort of quotation.

Mr. HATCH. I may say that I hope the forthright, straightforward statement made by the Senator from Michigan that he would never again use that statement may be taken to heart and that the dire implications which he did not make will never be made by others in this campaign.

I have no disagreement with the Senator from Michigan; we get along very well; but I did want to make the Record clear. I wanted the Record today to show that Franklin D. Roosevelt had not violated any promise he had made to the fathers and the mothers of the sons of America. He did exactly what he insisted upon doing in Chicago when he said that our sons would not fight in foreign wars. They are not fighting in foreign wars; they would not have fought if it had not been for the cowardly and dastardly attack at Pearl Harbor, and it ill behooves any Member of this body who voted for war to say that the President of the United States has done something he should not have done, because the responsibility for declaring war lies here in the Congress of the United States. We assumed that responsibility rightly, and today it lies in the mouth of no man to criticize the President of the United States.

APPROPRIATIONS FOR DEFENSE AID (LEND-LEASE), U. N. R. R. A., AND FOREIGN ECONOMIC ADMINISTRATION

The Senate resumed the consideration of the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for

the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next amendment reported by the committee.

The next amendment was, on page 10, line 7, after the word "exceed", to strike out "\$325,000" and insert "\$357,200."

The amendment was agreed to.

Mr. McKELLAR. Mr. President, on behalf of the committee, I offer an amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, after line 8, it is proposed to insert a new section, as follows:

SEC. 202. In addition to the sum appropriated by section 201 of this title, any supplies, services, or funds available for disposition or expenditure by the President under the act of March 11, 1941, as amended (22 U. S. C. 411-419), and acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the act of March 28, 1944, without reimbursement of the appropriations from which such supplies or services were procured or such funds were provided: *Provided*, That the supplies, services, and funds disposed of or expended under the authority of this section shall not exceed a total value, as determined under regulations to be approved by the President of \$350,000,000 and shall be charged to the amount authorized to be appropriated by said act of March 28, 1944: *Provided further*, That the authority granted by this section shall not become effective until the United States Joint Chiefs of Staff shall have issued a certification that the state of the war permits the exercise of such authority and the utilization of lend-lease supplies, services, or funds for the purposes of section 201 of this title; and after such certification such utilization shall be upon the determination of the Administrator of the Foreign Economic Administration.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. VANDENBERG. Mr. President, I should like to be sure that I understood the text of the amendment. There is no question, is there, I will ask the Senator from Tennessee, that this transfer from executive funds applies against the total authorization for U. N. R. R. A. in the original resolution?

Mr. McKELLAR. That is correct.

Mr. VANDENBERG. Therefore, this is in no sense different from an ordinary appropriation, except that it uses existing funds instead of new ones.

Mr. McKELLAR. The Senator is correct.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. CONNALLY. Why was it decided to use the funds of lend-lease rather than a direct and specific appropriation? Was it for the purpose of making it conditional?

Mr. McKELLAR. Yes, the conditions might change, so that it is better to write the provision as it has been drafted.

Mr. CONNALLY. As I understand, it is also conditioned on the action of the Chiefs of Staff, so that, unless they make proper certification, the money cannot be obtained from lend-lease funds. Is that correct?

Mr. McKELLAR. That is true. Every safeguard was thrown around it by the committee.

Mr. CONNALLY. I should like to say that personally I do not like the system of transferring funds from one agency to another. I think the sounder system is for the Congress to make direct appropriations for an agency rather than to say an agency may obtain money from some other funds.

Mr. McKELLAR. Ordinarily, that is true, I will say to the Senator, but in this case there was a different situation, a different set of facts, and, under the circumstances, the committee thought it best to take the course proposed to be taken.

Mr. President, at this point I desire to have inserted in the Record an article entitled "Lend-Lease in Attack Vanguard," written by staff correspondent of the Christian Science Monitor.

There being no objection, the article was ordered to be printed in the Record, as follows:

LEND-LEASE IN ATTACK VANGUARD

WASHINGTON, June 6.—D-day.

The greatest production miracle in the history of mankind preceded the invasion announced today.

No country ever before even contemplated the production record which the United States achieved, and which is now the mainspring of the drive to crush Germany.

The mainspring of lend-lease has been winding tauter and tauter in the British Isles for the past 2 years. Now release has come, and its coiled energy will spring forward inexorably until its task is finished.

Those who saw a small part of the stored goods prepared for the invasion adventure were unable to express their emotions save in parables.

BRITISH ISLES "SINKING"

"The British Isles are slowly sinking under the weight of the accumulated invasion stores," one commentator ejaculated.

A few weeks ago Leo T. Crowley, Foreign Economic Administrator, disclosed that 28,000 planes alone were sent abroad to America's allies between March 11, 1941—the date when the Lend-Lease Act was passed—and January 1, 1944.

More than \$1,600,000,000 worth of aircraft engines and parts went abroad.

It is on lend-lease that the superstructure of America's military machine is built. French and British, and later Russian, orders put American industry in a position of war production.

Since March 1941 America has organized the greatest Army and Navy air forces in the world.

ONE HUNDRED AND FIFTY THOUSAND AIRPLANES

America has turned out 150,000 airplanes. For months past not only trained American troops have been poured into the British Isles, but the massed might of America's industrial power, converted to military uses, has been concentrating there.

Now this gigantic invasion equipment has begun to move.

Months and years of preliminary production by the most highly industrialized power on earth have gone into the final order to advance.

The sheer massed weight of America's armament, combined with the British, may push obstacles aside, strategists hope.

HUGE AIRCRAFT OUTPUT

Mr. Crowley told Congress recently that \$460,000,000 worth of lend-lease aircraft engines and parts were sent to the United Kingdom alone, down to January 1.

An additional \$240,000,000 went by direct cash purchase.

Millions of gallons of high-octane aviation gasoline power the thrust. Lend-lease steel, lend-lease explosives, barges, gliders, road rollers, cranes, bulldozers, let alone prime movers, tanks, half-tracks, and all the panoplied articles of war, are moving today.

It's not merely the soldiers who are going ashore on the continental beachheads in the great invasion drive!

It's the miners who took the ore, the drillers who brought in the oil, the men at coal seams, the big-muscled men with foreign names who puddled blazing steel. It's their invasion, too.

The invasion drive is the Army and Navy, plus all America.

It's the farmers who milked the cows that made the cheese for the soldiers' rations; it's the women who loomed the clothing and Army blankets that will be spread on wet ground, it's the office workers who untangled the paper work, the brakemen who manipulated the troop train, the telephone girl who put in the last long-distance call from the doughboy back home to Mom, before he went overseas.

GREATEST BATTLE IN HISTORY

They are all here today in the greatest battle in American history. Britain and the United States open the second front and they are there, too.

Only hints have come of the exact amount of goods stored in Britain. But anyone in America is blind who does not have the firsthand experience of its preparation. Factory windows have blazed all night. Ship after ship has taken the water. Firms have energetically advertised for help. Great supply depots have appeared outside cities, and have dwindled as their stored-up military power went overseas.

Down to January 1 of this year Americans have been told that \$20,000,000,000 in lend-lease aid have been extended to the Allies. But this only begins the story.

The lend-lease aid has been, in a sense, surplus—that could be expended out of America's extravagant productive ability while America's own armies were built up, fed, equipped, trained, and finally moved overseas. Of the total the figures roughly show that 43 percent of lend-lease has gone to the United Kingdom forces. Much of this is being thrown into the struggle now.

AMERICA CHANGED

But aside from this, the whole face of America has been changed by war production for America's own forces.

Now the time of testing has come.

Are the boats seaworthy that take the men across? Are the weapons balanced to the touch? Does that rubberized raincoat shed water? Are those camouflaged nets well and securely tied? Did the girl who folded that silk parachute do her job faithfully? Are those gliders for air-borne troops properly engineered? Are those prefabricated barracks nailed securely? Is the ammunition sound and lively? Do those reeling antiaircraft guns shoot truly? Now is the testing time. It is too late to do anything much now but hope and have faith. Americans at home who built the road for invasion are confident their battle forces are the best-equipped in the world.

Under Lt. Gen. Omar Nelson Bradley, American ground troops will meet the Ger-

mans in direct combat, with the equipment the American Nation has poured out profusely. The result of the encounter determines the length of the war in Europe. An army of 1,000,000 Americans may be engaged. But into the equipment of this Army has gone the work of 20 times that number, and the supplies range anywhere from the butter ball on the side of a first sergeant's platter to a 2-ton bomb carried at 10,000 feet in a Flying Fortress.

ARMY REQUIRES CARE

An army is like a city; it has to be fed, clothed, transported, provided with shelter, warmth; it needs utilities like fresh water, right up to the front-line trenches; it has to have postal services, or its morale sags like a wilted collar.

An army moves on gasoline, and it is significant that to date \$670,000,000 worth of petroleum products alone have been shipped under lend-lease, while perhaps a figure comparable to that has gone to the American invasion army itself. Tankers have brought gasoline to the British Isles to supplement Britain's own supplies, fleets of tank cars, partially assembled on the other side, painted olive drab, are bringing the gas to invasion barges; engineer corps are ready to lay a system of pipe lines to new continental air bases and quickly establish depots on the other side. Enormously intricate plans accompany any battle and the cross-channel invasion is, of course, one of the greatest feats in military history. Only one thing is more important for its triumph than the quality and quantity of the equipment which the American worker and the American production machine have turned out—that is the Army itself.

With weapons in hand it is going forward.

THE PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. McKELLAR. I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. NYE, Mr. HOLMAN, and Mr. BROOKS conferees on the part of the Senate.

AUTHORIZATION TO RECEIVE MESSAGES, REPORT BILLS, AND SO FORTH, DURING THE RECESS

Mr. McKELLAR. Mr. President, it is desired by some Senators that the Senate take a recess until Thursday. In view of the possibility that that will be done, I ask unanimous consent that, during the recess following today's session, authority be given to the Secretary of the Senate to receive messages from the House of Representatives, to committees to submit reports, and, in addition, to the Committee on Appropriations to submit notices of motions to suspend the rules in the case of certain amendments to general appropriation bills; and and to the Presiding Officer to sign duly enrolled bills.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate a message from the President of the United States withdrawing a nomination which was ordered to lie on the table.

(For nomination this day withdrawn, see the end of Senate proceedings.)

RECESS TO THURSDAY

Mr. McKELLAR. I move that the Senate take a recess until 12 o'clock Thursday.

The motion was agreed to; and (at 2 o'clock and 10 minutes p. m.) the Senate took a recess until Thursday, June 15, 1944, at 12 o'clock meridian.

WITHDRAWAL

Executive nomination withdrawn from the Senate June 13 (legislative day of May 9), 1944:

POSTMASTER

NEW YORK

Myron A. Paul to be postmaster at West Falls, N. Y.

78TH CONGRESS
2D SESSION

H. R. 4937

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1944

Ordered to be printed with the amendments of the Senate numbered

AN ACT

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for defense aid
5 pursuant to the Act of March 11, 1941, as amended, for
6 participation by the United States in the work of the United
7 Nations Relief and Rehabilitation Administration pursuant
8 to the Act of March 28, 1944, and for the support of the

1 Foreign Economic Administration, for the fiscal year ending
2 June 30, 1945, and for other purposes, as follows:

3 TITLE I—DEFENSE AID—LEND-LEASE

4 SEC. 101. To enable the President, during the fiscal
5 year ending June 30, 1945, through such departments or
6 agencies of the Government as he may designate, further
7 to carry out the provisions of an Act to promote the defense
8 of the United States, approved March 11, 1941, as
9 amended, and for each and every purpose incident to or
10 necessary therefor, the following sums for the following
11 respective purposes:

12 (a) For the procurement, by manufacture or other-
13 wise, of defense articles, information, and services, for the
14 government of any country whose defense the President
15 deems vital to the defense of the United States, and the dis-
16 position thereof, including all necessary expenses in con-
17 nection therewith, as follows:

18 Agricultural, industrial, and other commodities and
19 articles, \$3,446,361,000.

20 (b) For administrative expenses, not specified or in-
21 cluded in the appropriation for "Salaries and expenses,
22 Foreign Economic Administration, 1945", \$4,209,000.

23 (c) In all, \$3,450,570,000.

24 (d) Each of the foregoing appropriations shall be
25 additional to, and consolidated with, the appropriations for

1 the same purposes, contained in the same respective cate-
2 gories of appropriation in the Defense Aid Supplemental
3 Appropriation Act, 1941, the Defense Aid Supplemental
4 Appropriation Act, 1942, the Second Defense Aid Sup-
5 plemental Appropriation Act, 1942, and the Defense Aid
6 Supplemental Appropriation Act, 1943, and the appropria-
7 tions contained in the foregoing Acts are hereby con-
8 tinued and shall be available until June 30, 1945; and
9 \$88,299,000 of the money and property converted into
10 money which have been hitherto received as a result of opera-
11 tions under said Act of March 11, 1941, as amended, is
12 hereby consolidated with, and shall be available until June
13 30, 1945, for any of the purposes of, the appropriation for
14 "Agricultural, industrial, and other commodities and arti-
15 cles": *Provided*, That with the exception of the appropria-
16 tion for "Administrative expenses", not to exceed 20 per
17 centum of any of the foregoing appropriations may be
18 transferred by the President to any other of such
19 appropriations, but no such appropriation shall be in-
20 creased more than 30 per centum thereby: *Provided fur-*
21 *ther*, That notwithstanding the foregoing proviso (1) bal-
22 ances, unobligated as of June 30, 1944, and balances
23 subsequently released from obligation, of appropriations con-
24 tained in the foregoing Acts for "Ordnance and ord-
25 nance stores, supplies, spare parts, and materials, in-

1 cluding armor and ammunition and components thereof”,
2 and for “Miscellaneous military equipment, supplies, and
3 materials”, may be transferred by the President to and
4 consolidated with the appropriation provided above for
5 “Agricultural, industrial, and other commodities and arti-
6 cles”, and (2) balances, unobligated as of June 30, 1944,
7 and balances subsequently released from obligation, of appro-
8 priations contained in the foregoing Acts for “Necessary
9 services and expenses” may be transferred by the President
10 to and consolidated with any of the appropriations pro-
11 vided above, except the appropriation for “Administrative
12 expenses”.

13 SEC. 102. Any defense article, information, or serv-
14 ice procured from funds appropriated by this title or prior
15 Acts appropriating funds to the President for the purpose of
16 carrying out the provisions of said Act of March 11, 1941, as
17 amended, shall be retained by or transferred to and for the
18 use of such department or agency of the United States as the
19 President may determine, in lieu of being disposed of to a
20 foreign government, whenever in the judgment of the Presi-
21 dent the defense of the United States will be best served
22 thereby: *Provided further*, That none of the funds appropri-
23 ated in this title shall be used for the payment of any subsidy
24 on agricultural products produced in the continental United

1 States nor for the purchase or distribution of any food prod-
 2 ucts for use in Puerto Rico or the Virgin Islands.

3 SEC. 103. This title may be cited as "Defense Aid Ap-
 4 propriation Act, 1945".

5 TITLE II—UNITED NATIONS RELIEF AND
 6 REHABILITATION ADMINISTRATION

7 SEC. 201. To enable the President to carry out the pro-
 8 visions of the Act of March 28, 1944 (Public Law 267), and
 9 for each and every purpose incident thereto or necessary
 10 therefor, \$450,000,000, ~~(1) not to exceed \$21,700,000~~
 11 ~~shall be available for procurement for sixty-one million seven~~
 12 ~~hundred thousand pounds of raw wool from stockpiles of~~
 13 ~~the United States Government existing on the date of the~~
 14 ~~approval of this Act and \$43,200,000 shall be available for~~
 15 ~~procurement of three hundred and forty-five thousand five~~
 16 ~~hundred bales of cotton now owned by the Commodity Credit~~
 17 ~~Corporation, not to exceed \$21,700,000 shall be available for~~
 18 ~~procurement of sixty-one million seven hundred thousand~~
 19 ~~pounds of domestic raw wool, or such amount of domestic~~
 20 ~~raw wool as the foregoing sum will purchase, from stock piles~~
 21 ~~of the United States Government existing on the date of the~~
 22 ~~approval of this Act and \$43,200,000 shall be available for~~
 23 ~~procurement of three hundred and forty-five thousand five~~
 24 ~~hundred bales of domestic cotton, or such amount of domestic~~

1 *cotton as the foregoing sum will purchase, now owned by the*
2 *Commodity Credit Corporation, to be available immediately*
3 *and to remain available until June 30, 1946: Provided, That*
4 (1) any sums allocated by the President to any executive
5 department, independent establishment, or agency for
6 any of the purposes hereof, from funds appropriated by or
7 authorized to be expended under this title or from funds
8 made available by the United Nations Relief and Re-
9 habilitation Administration, may be expended without re-
10 gard to those provisions of law waived by law with respect
11 to the expenditure of Government funds by such depart-
12 ment, independent establishment, or agency; (2) the appro-
13 priations, funds, or accounts of any executive department,
14 independent establishment, or agency shall be reimbursed
15 or credited from sums allocated hereunder, except as here-
16 inafter provided, for any supplies or services procured
17 from such appropriations or funds or by use of such accounts
18 and furnished for any of the purposes hereof; and (3) any
19 supplies or services procured from funds appropriated by
20 or authorized to be expended under this title may be retained
21 by or transferred to any executive department, independent
22 establishment, or agency, and said funds shall be reimbursed
23 from payments made in return therefor by such department,
24 independent establishment, or agency: *Provided further,*
25 *That any officer or employee of any executive department,*

1 independent establishment, or agency who is detailed to the
2 United Nations Relief and Rehabilitation Administration
3 and compensated hereunder, either directly or by reimburse-
4 ment of applicable appropriations or funds, shall, while so
5 detailed, retain and be entitled to the rights, benefits, privi-
6 leges, and status of an officer or employee of the United
7 States and of the department, independent establishment,
8 or agency from which detailed.

9 **(2)***SEC. 202. In addition to the sum appropriated by sec-*
10 *tion 201 of this title, any supplies, services, or funds avail-*
11 *able for disposition or expenditure by the President under*
12 *the Act of March 11, 1941, as amended (22 U. S. C. 411-*
13 *419), and Acts supplementary thereto, may be disposed of or*
14 *expended by the President to carry out the provisions of the*
15 *Act of March 28, 1944, without reimbursement of the appro-*
16 *priations from which such supplies or services were procured*
17 *or such funds were provided: Provided, That the supplies,*
18 *services, and funds disposed of or expended under the author-*
19 *ity of this section shall not exceed a total value, as deter-*
20 *mined under regulations to be approved by the President of*
21 *\$350,000,000 and shall be charged to the amount authorized*
22 *to be appropriated by said Act of March 28, 1944: Pro-*
23 *vided further, That the authority granted by this section shall*
24 *not become effective until the United States Joint Chiefs*
25 *of Staff shall have issued a certification that the state of the*

1 *war permits the exercise of such authority and the utiliza-*
 2 *tion of lend-lease supplies, services, or funds for the pur-*
 3 *poses of section 201 of this title; and after such certification*
 4 *such utilization shall be upon the determination of the Admin-*
 5 *istrator of the Foreign Economic Administration.*

6 SEC. ~~(3)~~ 202 203. This title may be cited as "United
 7 Nations Relief and Rehabilitation Administration Participa-
 8 tion Appropriation Act, 1945".

9 TITLE III—EXECUTIVE OFFICE OF THE
 10 PRESIDENT

11 OFFICE FOR EMERGENCY MANAGEMENT

12 FOREIGN ECONOMIC ADMINISTRATION

13 Salaries and expenses: For all expenses necessary to
 14 enable the Foreign Economic Administration to carry out
 15 its functions and activities, including salaries of the Admin-
 16 istrator at ~~(4)\$10,000~~ \$15,000 per annum, and four
 17 assistants to the Administrator at \$9,000 per annum
 18 each; employment of aliens; temporary employment
 19 of persons or organizations by contract or otherwise
 20 without regard to the civil-service and classification laws
 21 (not exceeding \$100,000); travel expenses (not ex-
 22 ceeding \$275,000 for travel within continental United
 23 States), including expenses of employees of the Administration
 24 and the transportation of their personal effects to their first
 25 posts of duty in a foreign country and return to their homes;

1 transportation of dependents and household goods and effects,
2 in accordance with the Act of October 10, 1940, from foreign
3 countries to their homes in the United States of employees
4 of the Foreign Economic Administration and the State De-
5 partment for whom such expenses to a foreign country were
6 authorized and paid from funds allocated to the Board of
7 Economic Warfare; advances of money, upon the furnish-
8 ing of bond, to employees traveling in a foreign country, in
9 such sums as the Administrator shall direct; reimbursement
10 of employees for loss of personal effects in case of marine or
11 aircraft disaster; rental of news-reporting services; purchase
12 of, or subscription to, commercial and trade reports; printing
13 and binding (not exceeding \$90,000) ; ~~(5)\$19,500,000~~
14 ~~\$20,000,000~~, of which amount not to exceed ~~(6)\$50,000~~
15 ~~\$100,000~~ shall be available for payment, or reimbursement
16 to employees, as determined by the Administrator, for emer-
17 gency or extraordinary expenses in connection with oper-
18 ations in foreign countries, without regard to the provisions
19 of law regulating the expenditure, accounting for, and audit
20 of Government funds: *Provided further*, That not to exceed
21 \$500,000 of the amount herein appropriated shall be avail-
22 able for expenditures of a confidential character to be ex-
23 pended under the direction of the Administrator, who shall
24 make a certificate of the amount of each such expenditure
25 which he may think it advisable not to specify, and every

1 such certificate shall be deemed a sufficient voucher for the
2 amount therein certified.

3 Payments for articles and materials requisitioned: For
4 the purpose of making payments to the owners thereof for
5 articles requisitioned under authority of the Acts of October
6 10, 1940, and October 16, 1941, as amended (50 U. S. C.
7 App. 711 and 721), the unexpended balance as of June 30,
8 1944, of the fund consisting of (1) the allocation of \$200,000
9 to the Economic Defense Board from the emergency fund
10 for the President by letter of November 26, 1941, and (2)
11 the receipts credited to said appropriation by said Act of
12 October 10, 1940, as amended and reallocated for the same
13 purpose by said letter of allocation, is hereby continued avail-
14 able to the Foreign Economic Administration for the fiscal
15 year 1945: *Provided*, That receipts of the sales of articles
16 requisitioned by said Administrator under authority of said
17 Act of October 16, 1941, shall be deposited to the credit of
18 this fund and be immediately available for the purposes
19 thereof.

20 No part of any funds appropriated or made available
21 in this title to the Foreign Economic Administration shall be
22 used directly or indirectly for the procurement of services,
23 supplies, or equipment in connection with its foreign procure-
24 ment activities outside the United States except for the pur-
25 pose of executing general economic programs or policies

1 formally approved in writing by a majority of the War
2 Mobilization Committee and such writing has been filed with
3 the Secretary of State prior to any such expenditure.

4 Export-Import Bank of Washington, administrative ex-
5 penses: Not to exceed (7)~~\$325,000~~ \$357,200 of the funds of
6 the Export-Import Bank of Washington, continued as an
7 agency of the Government by the Act of September 26, 1940
8 (15 U. S. C. 713b), shall be available during the fiscal year
9 1945 for all administrative expenses of the bank, including
10 personal services in the District of Columbia and elsewhere;
11 travel expenses, in accordance with the Standardized Gov-
12 ernment Travel Regulations and the Act of June 3, 1926,
13 as amended (5 U. S. C. 821-833); printing and binding;
14 lawbooks and books of reference; not to exceed \$100 for
15 periodicals, \$200 for newspapers, and \$200 for maps; not
16 to exceed \$15,000 for the temporary employment of per-
17 sons or organizations for special services by contract or
18 otherwise, without regard to section 3709 of the Revised
19 Statutes; and rent in the District of Columbia: *Provided,*
20 That all necessary expenses (including special services per-
21 formed on a contract or fee basis, but not including other
22 personal services) in connection with the acquisition, opera-
23 tion, maintenance, improvement, or disposition of any real or
24 personal property belonging to the bank or in which it has
25 an interest, including expenses of collections of pledged col-

1 lateral, shall be considered as nonadministrative expenses for
2 the purposes hereof: *Provided further*, That sections 201,
3 202, and 203 of the National War Agencies Appropriation
4 Act, 1945, shall have no application to this appropriation.

5 SEC. 301. Those general provisions in the National
6 War Agency Appropriation Act, 1945, applicable to the
7 constituent agencies of the Office for Emergency Manage-
8 ment, and those general provisions in such Act generally
9 applicable to all agencies in such Act, are hereby made
10 applicable to the same extent, except as otherwise provided,
11 to the appropriations in this title.

12 SEC. 302. This title may be cited as the "Foreign Eco-
13 nomic Administration Appropriation Act, 1945".

Passed the House of Representatives June 3, 1944.

Attest: SOUTH TRIMBLE,
Clerk.

Passed the Senate with amendments June 13 (legisla-
tive day, May 9), 1944.

Attest: EDWIN A. HALSEY,
Secretary.

AN ACT

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1944

Ordered to be printed with the amendments of the
Senate numbered

racers are united in a grim determination to see this devastating war through to the bitter end. I know that the Nation is proud of this achievement.

INDEPENDENT OFFICES APPROPRIATION BILL, 1945—CONFERENCE REPORT

Mr. WOODRUM of Virginia. Mr. Speaker, I ask unanimous consent that the conferees on the independent offices appropriation bill may have until midnight tonight to file a report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 4070) "making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 30, 52, 53, 54, 55, 56, and 67.

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following: "newspapers and periodicals"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "teletype news service (not exceeding \$900)," and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "and not to exceed \$35,000 for temporary employment of persons or organizations by contract or otherwise without regard to section 3709 of the Revised Statutes, or the Classification Act of 1923, as amended," and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment, insert "\$2,000,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "and including the temporary employment (not exceeding \$30,000) of persons or organizations by contract or otherwise, without regard to section 3709 of the Revised Statutes and the Classification Act of 1923, as amended," and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In line 3 of the said amendment after

the word "of", insert the words "more than four"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment amended to read as follows: "purchase of uniforms for guards and elevator conductors," and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 35, 57, 64, 65, and 66.

C. A. WOODRUM,
JAMES M. FITZPATRICK,
JOE STARNES,
JOE HENDRICKS,
R. B. WIGGLESWORTH,
EVERETT M. DIRKSEN,
FRANCIS CASE.

Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
THEODORE FRANCIS GREEN,
WALLACE H. WHITE, Jr.,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the further conference on the disagreeing votes of the two Houses on the amendments of the Senate remaining in disagreement to the bill (H. R. 4070) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1945, and for other purposes submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Nos. 1, 2, 3, 4, 6, and 8, relating to the Bureau of the Budget: Authorizes the purchase of newspapers and periodicals, instead of authorizing the use of \$500 for such purpose, as proposed by the House, and providing for the purchase of periodicals, only, as proposed by the Senate; authorizes the use of not exceeding \$900 for teletype news service, instead of eliminating such service, as proposed by the Senate, and inserting such authority without specific limitation, as proposed by the House; makes \$35,000 available for temporary employment of persons or organizations without regard to section 3709 of the Revised Statutes, or the Classification Act of 1923, as amended, instead of \$55,000 for such purpose, as proposed by the House, and elimination of the authorization, as proposed by the Senate; appropriates \$2,000,000 for salaries and expenses, instead of \$1,830,400, as proposed by the Senate, and \$2,290,340, as proposed by the House; makes \$30,000 available for the employment of persons or organizations without regard to section 3709 of the Revised Statutes or the Classification Act of 1923, as amended, in connection with national defense appropriations, instead of \$65,000, as proposed by the House, and the elimination of such authorization, as proposed by the Senate; and limits the Bureau to the maintenance or establishment of not more than four regional, field, or other offices outside the District of Columbia, instead of prohibiting the use of any appropriations for such offices, as proposed by the Senate.

No. 14: Inserts the prohibition against the use of appropriations to the Civil Service Commission for salaries and expenses of the Legal Examining Unit in the Examining and Personnel Utilization Division of the Commission, as proposed by the Senate.

No. 29: Authorizes the purchase of uniforms for guards and elevator conductors, instead of purchase, repair, and cleaning of such uniforms, and the purchase of one pas-

senger-carrying vehicle, in connection with public buildings and grounds outside the District of Columbia, as proposed by the House, and the elimination of such authority, as proposed by the Senate.

No. 30: Appropriates \$10,581,000 for salaries and expenses, public buildings and grounds outside the District of Columbia, under the Public Buildings Administration, as proposed by the House, instead of \$9,581,000, as proposed by the Senate.

Nos. 52, 53, 54, 55, and 56, relating to the Tennessee Valley Authority: Strikes out the language of the Senate, providing a direct appropriation and that revenues of the Tennessee Valley Authority be deposited in the Treasury quarterly, and restores the language proposed by the House with reference to the expenditure of such revenues.

No. 67: Strikes out the provision of the Senate with reference to the payment of salary to any person filling any position for which he or she has been nominated after the Senate has voted not to approve the nomination of said person, and with reference to confirmation by the Senate of persons paid at the rate of \$4,500 or more per annum, and restores the provision of the House prohibiting the use of funds to pay any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of such nomination.

AMENDMENTS IN DISAGREEMENT

Amendments reported in disagreement are as follows:

No. 35, relating to the release of funds heretofore appropriated to the Public Roads Administration but impounded or withheld from obligation: The House managers will recommend concurrence in the Senate amendment with an amendment.

No. 57, relating to the Tennessee Valley Authority: The House managers will recommend concurrence in the Senate amendment with an amendment.

No. 64, relating to the operation of Government-owned automobiles: The House managers will further insist on disagreement to the Senate amendment.

No. 65, relating to the operation of Government-owned automobiles: The House managers will recommend concurrence in the Senate amendment with an amendment.

No. 66, relating to the operation of Government-owned automobiles: The House managers will further insist on disagreement to the Senate amendment.

C. A. WOODRUM,
JAMES M. FITZPATRICK,
JOE STARNES,
JOE HENDRICKS,
R. B. WIGGLESWORTH,
EVERETT M. DIRKSEN,
FRANCIS CASE.

Managers on the part of the House.

NAVY DEPARTMENT APPROPRIATION BILL, 1945

Mr. SHEPPARD submitted the following conference report and statement on the bill (H. R. 4559) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1945, and additional appropriations therefor for the fiscal year 1944, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on certain amendments of the Senate to the bill (H. R. 4559) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1945, and additional appropriations therefor for the fiscal year 1944, and for other purposes, having met, after full and free conference, have agreed to

recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8 and 9.

HARRY R. SHEPPARD,
ALBERT THOMAS,
JOHN M. COFFEE,
JAMIE L. WHITTEN,
CHARLES A. PLUMLEY,
NOBLE J. JOHNSON,
WALTER C. FLOESER,

Managers on the part of the House.

JOHN H. OVERTON,
ELMER THOMAS,
THEODORE FRANCIS GREEN,
DAVID I. WALSH,
STYLES BRIDGES,
RUFUS C. HOLMAN,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate numbered 8 and 9 to the bill (H. R. 4559) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1945, and additional appropriations therefor for the fiscal year 1944, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 8: Strikes out the provision proposed by the Senate for the resale to the original owners of land in Oklahoma, found to contain oil after acquisition by the Navy.

Amendment No. 9, relating to public works: Strikes out the provision proposed by the Senate requiring the conduct of a canvass of existing facilities that might be available for naval uses, publicly or privately owned, as a condition precedent to the provision of new ones.

HARRY R. SHEPPARD,
ALBERT THOMAS,
JOHN M. COFFEE,
JAMIE L. WHITTEN,
CHARLES A. PLUMLEY,
NOBLE J. JOHNSON,
WALTER C. FLOESER,

Managers on the part of the House.

EXTENSION OF REMARKS

Mr. MERRITT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. McMURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include a brief series of editorials from the Capital Times, of Madison, Wis.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

REGULATION OF LIABILITY OF AIR CARRIERS AND FOREIGN AIR CARRIERS

Mr. O'HARA. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[Mr. O'HARA addressed the House. His remarks appear in the Appendix of today's RECORD.]

EXTENSION OF REMARKS

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in two instances—in one to include a petition from my district and in the other to include a speech I made on the occasion of a visit to the Baer Airport of Fort Wayne, Ind.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

[The matter referred to appears in the Appendix.]

UNITED NATIONS DAY

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, this is United Nations Day. The United Nations comprise the 31 Allied Governments that are banded together for the purpose of defeating the Axis Powers, and their cooperation means much in the winning of this war and the winning of the peace. It is hoped that these nations that are now fighting the Axis forces may continue united in their efforts to accomplish both objectives, the winning of this war at the earliest possible time and the winning of the peace so that we may not have another war, at least within the next generation.

Unless we remain united after the war to prevent aggression, other dictators will arise and wage the Third World War.

It is the duty of our Government to continue steadfast and united with these other powers to preserve peace and prevent aggression, and this I believe the American people are resolved to do.

The Fulbright resolution in the House and the Connally resolution in the Senate, both of which passed at this session by large majorities, indicate that to be the will of Congress, and Congress is the best barometer of the attitude of the American people.

APPROPRIATIONS FOR DEFENSE AID (LEND-LEASE)

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4937) making appropriations for defense aid—lend-lease—for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection, and the Speaker appointed the following conferees on the part of the House: Messrs. CANNON of Missouri, WOODRUM of Virginia, LUDLOW, SNYDER, O'NEAL, RABAUT, JOHNSON of Oklahoma, TABER, WIGGLESWORTH, LAMBERTSON, and POWERS.

ARMY NURSE CORPS

Mr. MAY. Mr. Speaker, a few days ago the House passed the bill (S. 1808) to authorize temporary appointment as officers in the Army of the United States of members of the Army Nurse Corps, female persons having the necessary qualifications for appointment in such corps, female dietetic and physical-therapy personnel of the Medical Department of the Army—exclusive of students and apprentices—and female persons having the necessary qualifications for appointment in such department as female dietetic or physical-therapy personnel, and for other purposes. This bill went to the Senate and the Senate struck out the Navy portion. I ask unanimous consent to take this bill from the Speaker's table and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Strike out section 9.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

There was no objection.

The Senate amendment was agreed to. A motion to reconsider was laid on the table.

Mr. MAY. Mr. Speaker, I am advised by the Parliamentarian that the Senate agreed to an amendment to the title and I ask unanimous consent to concur in that amendment also. I can explain why that is, if it is desirable.

The SPEAKER. The Senate disagreed to the amendment of the House to the title of the bill.

Mr. MAY. Mr. Speaker, the amendment to the title results from the fact that the Senate struck the Navy Nurse Corps completely out of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, what is the gentleman's request?

Mr. MAY. Mr. Speaker, I ask unanimous consent that the House recede and concur in the Senate amendment relating to the title of the bill.

Mr. ANDREWS of New York. This is to correct the title?

Mr. MAY. Yes.

Mr. MARTIN of Massachusetts. All this does is correct the title?

Mr. MAY. That is all.

Mr. McCORMACK. The request now is to correct the title, the previous one being to concur in the Senate amendment where they struck out the reference to the Navy?

Mr. MARTIN of Massachusetts. I did not know what the gentleman's second request was.





FOREIGN ECONOMIC ADMINISTRATION APPROPRIATION BILL, 1945

JUNE 22, 1944.—Ordered to be printed

MR. CANNON of Missouri, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4937]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In the matter proposed to be inserted by said amendment insert before the sum "\$43,200,000", the following: *not to exceed*; and in the matter proposed to be inserted by said amendment, before the word "owned", strike out the word "now"; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

On page 7 of the bill, in line 10, after the words "per annum" and before the comma, insert the following: *during the incumbency of the present Administrator*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$19,750,000; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$75,000; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows:

In lieu of the sum proposed insert \$340,000; and the Senate agree to the same.

The committee report in disagreement amendment numbered 2.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMET O'NEAL,
JED JOHNSON,

Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
M. E. TYDINGS,
RUFUS C. HOLMAN,
C. WAYLAND BROOKS,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, as to each of such amendments, namely:

No. 1: Provides, as proposed by the Senate, for the purchase of "domestic" raw wool and "domestic" cotton from Government stock piles and makes minor textual clarifications in the amendment.

No. 2: Corrects a section number.

Nos. 4, 5, and 6, relating to the Foreign Economic Administration: Fixes the salary of the Administrator, so long as the office is held by the present incumbent, at \$15,000, as proposed by the Senate, instead of \$10,000 as proposed by the House; appropriates \$19,750,000, instead of \$20,000,000 as proposed by the Senate and \$19,500,000 as proposed by the House, for salaries and expenses; and limits the amount which may be used for emergency or extraordinary expenses in connection with operations in foreign countries to \$75,000, instead of \$100,000 as proposed by the Senate and \$50,000 as proposed by the House.

No. 7: Makes \$340,000 of the funds of the Export-Import Bank of Washington available for administrative expenses, instead of \$325,000 as proposed by the House and \$357,200 as proposed by the Senate.

AMENDMENT REPORTED IN DISAGREEMENT

The committee of conference reports in disagreement the following amendment of the Senate:

No. 2: Making not to exceed \$350,000,000 of lend-lease funds, supplies, and services, available to be applied on the United States contribution to the United Nations Relief and Rehabilitation Administration when the United States Joint Chiefs of Staff certify that the state of the war will permit the utilization of such supplies, services, or funds for such contribution. The House managers will recommended that the House recede and concur in the Senate amendment.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMET O'NEAL,
JED JOHNSON,

Managers on the part of the House.



and the nomination will be indefinitely postponed.

RECESS

The Senate resumed the consideration of legislative business.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Senate stand in recess, subject to the call of the Chair. The Senator from Tennessee [Mr. McKellar] advises me that within 30 minutes or a little more he expects to have four appropriation bills ready for final action.

Mr. McKELLAR. There will be three, at least, and perhaps four. I am merely telling the Senator what I have been told.

Mr. BARKLEY. Even three would represent considerable progress.

Mr. WHITE. Mr. President, does the Senator refer to appropriation bills which will have to go to conference?

Mr. McKELLAR. Oh no. I am referring to conference reports.

The PRESIDING OFFICER. Without objection, the Senate will stand in recess subject to the call of the Chair.

Thereupon (at 5 o'clock and 25 minutes p. m.) the Senate took a recess subject to the call of the Chair.

The Senate reassembled, at 7 o'clock and 7 minutes p. m., when it was called to order by the Presiding Officer (Mr. Hill in the chair).

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed without amendment the bill (S. 1826) to amend section 6 of the act of July 2, 1940 (54 Stat. 714), relating to the exportation of certain commodities, and to continue said act in effect.

The message also announced that the House had passed the bill (S. 1973) to provide additional pay for enlisted men of the Army assigned to the Infantry who are awarded the expert infantryman badge or the combat infantryman badge, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 3126) for the relief of Mary Ellen Frakes, widow of Joseph A. Frakes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4861) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 17, 20, 22, 23, 27, 28, 31, and 32 to the bill and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 21, 24, and 25 to the bill and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of

the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4967) making appropriations for the Military Establishment for the fiscal year ending June 30, 1945, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 1 to the bill, and concurred therein, and that the House receded from its disagreement to the amendment of the Senate numbered 3 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5040) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1944, and June 30, 1945, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. WOODRUM of Virginia, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. POWERS, were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H. R. 3270) to affirm the intent of the Congress that the regulation of the business of insurance remain within the control of the several States and that the Acts of July 2, 1890, and October 15, 1914, as amended, be not applicable to that business, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 3270) to affirm the intent of the Congress that the regulation of the business of insurance remain within the control of the several States and that the Acts of July 2, 1890, and October 15, 1914, as amended, be not applicable to that business, was read twice by its title and referred to the Committee on the Judiciary.

APPROPRIATIONS FOR THE DISTRICT OF COLUMBIA—CONFERENCE REPORT

Mr. O'MAHONEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4861) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 12.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 8, 9, 10, 13, 14, 15, 16, 18, 26, 29, and 30, and agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert

"\$9,767,200"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$600,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$59,900"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 17, 20, 21, 22, 23, 24, 25, 27, 28, 31, and 32.

JOSEPH C. O'MAHONEY,
JOHN H. OVERTON,
ELMER THOMAS,
RUFUS C. HOLMAN,
HAROLD H. BURTON,

Managers on the part of the Senate.

JOHN M. COFFEE,
CLINTON P. ANDERSON,
W. F. NORRELL (with
reservation),

KARL STEFAN,

HENRY C. DWORSHAK,

Managers on the part of the House.

Mr. O'MAHONEY. Mr. President, as I stated yesterday when the appropriation bill for the District of Columbia was before the Senate, no controversial items were involved in the bill as reported by the committee. The changes made by the Senate involve a total of approximately \$531,000 more than had been appropriated by the House, and there were several minor amendments.

At the conference this morning an agreement was effected within a few hours, without any disagreement, between the Senate and the House. We feel that the conference report has the unanimous support of the Subcommittee on Appropriations for the District of Columbia.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 4861, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,

June 22, 1944.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 17, 20, 22, 23, 27, 28, 31, and 32 to the bill (H. R. 4861) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1945, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 21 to said bill, and concur therein, with an amendment as follows: In lieu of the sum inserted by said amendment, insert "\$1,480,000."

That the House recede from its disagreement to the amendment of the Senate numbered 24 to said bill, and concur therein, with an amendment as follows: In lieu of the matter inserted by said amendment, insert "one superintendent at \$8,000 per annum";

That the House recede from its disagreement to the amendment of the Senate numbered 25 to said bill, and concur therein, with an amendment, as follows: In lieu of the sum inserted by said amendment insert "\$2,172,000."

Mr. O'MAHONEY. I move that the Senate concur in the amendments of the House to the amendments of the Senate Nos. 21, 24, and 25.

The motion was agreed to.

APPROPRIATIONS FOR THE MILITARY ESTABLISHMENT

Mr. RUSSELL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4967) "making appropriations for the Military Establishment for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 5, 6, and 7, and agree to the same.

The committees of conference report in disagreement amendments numbered 1 and 3.

ELMER THOMAS,
RICHARD B. RUSSELL,
JOHN H. OVERTON,
CHAN GURNEY,
C. WAYLAND BROOKS,

Managers on the part of the Senate.

J. BUELL SNYDER,
JOE STARNES,
JOHN H. KERR,
GEORGE MAHON,
D. LANE POWERS,
ALBERT J. ENGEL,
FRANCIS CASE,

Managers on the part of the House.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 4967, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,
June 22, 1944.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the bill (H. R. 4967) making appropriations for the Military Establishment for the fiscal year ending June 30, 1945, and for other purposes, and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 3 to the said bill, and concur therein with an amendment as follows:

Restore the matter stricken out by said amendment, amended to read as follows: "Provided, That no appropriation contained in this act shall be available for any expense incident to educating persons in medicine (including veterinary) or dentistry if any expense on account of their education in such subjects was not being defrayed out of appropriations for the Military Establishment for the fiscal year 1944 prior to June 7, 1944, except that nothing herein shall interfere with compliance with the provisions of law authorizing the detail of officers and enlisted men of any component of the Army of the United States as students, observers, and investigators as contemplated by section 127 (a) of the National Defense Act, approved June 3, 1916, as amended."

Mr. RUSSELL. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 3 by striking out

after the word "investigators" the words "as contemplated by section 127 (a) of the National Defense Act, approved June 3, 1916, as amended", just read by the clerk.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia.

The motion was agreed to.

RECESS

Mr. BARKLEY. Mr. President, my information from the messenger of the House is that within perhaps 10 minutes two more conference reports will be ready for the consideration of the Senate. Therefore, I again ask that the Senate stand in recess subject to the call of the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon (at 7 o'clock and 15 minutes p. m.) the Senate took a recess subject to the call of the Chair.

The Senate reassembled at 7 o'clock and 43 minutes p. m., when it was called to order by the Presiding Officer [Mr. HILL] in the chair.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4879) making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes, and that the House receded from its disagreement to the amendment of the Senate numbered 5 to the bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, and that the House receded from its disagreement to the amendment of the Senate numbered 2 to the bill, and concurred therein.

APPROPRIATIONS FOR DEFENSE AID (LEND-LEASE), U. N. R. R. A., AND FOREIGN ECONOMIC ADMINISTRATION—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937) "making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In the matter proposed to be inserted by said amendment, insert before the sum "\$43,200,000" the following "not to exceed"; and in the matter proposed to be inserted by said amendment before the word "owned" strike out the word "now"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: On page 7 of the bill, in line 10, after the words "per annum", and before the comma, insert the following "during the incumbency of the present Administrator"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$19,750,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$75,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$340,000"; and the Senate agree to the same.

The committee report in disagreement amendment numbered 2.

KENNETH McKELLAR,
RICHARD B. RUSSELL,
M. E. TYDINGS,
RUFUS C. HOLMAN,
C. WAYLAND BROOKS,

Managers on the part of the Senate.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMET O'NEAL,
JED JOHNSON,

Managers on the part of the House.

The report was agreed to.

Mr. McKELLAR. That completes the action on that bill and it will go to the President.

APPROPRIATIONS FOR WAR AGENCIES—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4879) "making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 6, 7, 17, 19, 20, and 21.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 8, 9, 10, 13, 14, 15, 18, 22, 23, 24, 25, 26, and 27 and agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$375,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree

My personal opinion is that this matter goes to the dignity and integrity of the House itself, even of such consequence that it involves the privileges of the House.

Mr. BRADLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Pennsylvania.

Mr. BRADLEY of Pennsylvania. Do I correctly understand from the gentleman that an employee of the committee released the information while the chairman of the committee was absent from Washington, and without any consultation whatever with other members of the committee?

Mr. EBERHARTER. The employee who released the information certainly had no conversation with me or with two other members of the committee with whom I talked. The latest information I have is that the chairman of the committee is not in Washington, but is now in the State of Texas, and has been for some time.

Mr. BUSBEY. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Illinois.

Mr. BUSBEY. May I ask the gentleman from Pennsylvania if he got in touch with the chairman of the Special Committee to Investigate Un-American Activities regarding this article that appeared in the newspaper?

Mr. EBERHARTER. The gentleman who is chairman of the special committee, I understand, is in Texas. I did not feel like taking it upon myself to telephone to Texas in order to get the information regarding the subject. The facts speak for themselves, I think.

Mr. BUSBEY. Did the gentleman from Pennsylvania take the trouble to get in touch with Mr. Stripling, the chief investigator of the committee?

Mr. EBERHARTER. I may say in answer to the question of the gentleman that Mr. Stripling is the one who informed me that he had released the information to Mr. Pegler.

Mr. BUSBEY. Did the gentleman ask him on what authority he released the information?

Mr. EBERHARTER. I had a conversation with him about it. I do not think it was phrased exactly that way. He said, "I gave the information, and Mr. Dies knew that I was giving it out."

Let me ask the gentleman, if he will permit me, this question: Does the gentleman approve of the practice of a member of a committee issuing a subpoena of this sort?

Mr. BUSBEY. The gentleman is making a speech. I am asking a question for information.

Mr. EBERHARTER. Then the gentleman does not approve of the practice, do I understand?

Mr. BUSBEY. I would just like to ask the gentleman from Pennsylvania this question.

Mr. EBERHARTER. The gentleman is a member of the special committee. Does he not like to be informed as to what is going on?

Mr. BUSBEY. The gentleman makes a reflection on the chief investigator that

he or another employee of the committee did this without authority of somebody on the committee.

Mr. EBERHARTER. I am wondering whether the gentleman, who is a member of the special committee is satisfied with that type of practice and procedure. Can the gentleman answer that question? Is he satisfied with that procedure as a member of the committee?

Mr. BUSBEY. I do not know all the details about the practice and procedure, but I did take the trouble to find out all about it when I read it in the paper, and I think that if the gentleman from Pennsylvania had taken the same trouble, he could have informed the House without reflecting on any employee of the committee.

Mr. EBERHARTER. If the gentleman will inform me, what was the reason for giving this very confidential information to one particular newspaperman, if he has made inquiry?

Mr. BUSBEY. I will say to the gentleman from Pennsylvania that he seems to be an authority, from the speech he made on the floor of the House this afternoon. Let him find out the information himself the same way I did.

Mr. EBERHARTER. The gentleman is not very helpful to the members of the House.

Mr. MURPHY. If the gentleman will yield, I might say to the gentleman that it is an obligation on the part of the gentleman who says he has the information to give it to the press of the Nation. If it is no secret, let the press of the Nation have it.

Mr. EBERHARTER. I think that it would come within the purview of his duties to inform the Members of the House as to why this information was given to one particular member of the newspaper profession.

Mr. BRADLEY of Pennsylvania. I would like to make this observation. As I understand, the gentleman from Illinois is a member of the Dies special committee.

Mr. EBERHARTER. That is correct. Mr. BRADLEY of Pennsylvania. Then it is a sorry confession from him when he has to state on the floor of the House that he first learned of the procedure of his own committee by reading it in a newspaper.

SAVE THE JEWISH PEOPLE OF EUROPE

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, last night I witnessed the showing of the film entitled "None Shall Escape," at the invitation of the Washington Emergency Committee to Save the Jewish People of Europe, of which Mrs. Guy Gillette is chairman. This film deals with the post-war topic, namely, the punishment of the Nazi criminals.

Needless to say, I have yet to recuperate from the basically true account as de-

picted on the screen, a sad, grim, heroic tale. I saw a trainload of Jews—men, women, and children—marked for annihilation. Driven to desperation by the agony of persecution and death, the passengers turned on their oppressors. Although they had no weapon beyond bare hands, they battled the master race on the streets of a Polish village.

The battle raged only a few minutes. Of course, the inevitable happened. As life took leave from his body, the rabbi concluded, "We shall never die."

Next to me was seated my esteemed friend, the leading exponent in the field of rescue, Rabbi Baruch Korff, who accompanied me at my invitation. Touched by this massacre which to his knowledge is only a trickle of what takes place now, he sadly but courageously remarked, "I, as a Jew, am armed with more than complete steel, the justice of my quarrel—this is why we are destined to survive."

How right and just you are, my dear rabbi.

The fear that now besets the American people is not that we shall be overrun by the vanishing might of the Nazi and the Jap but that we shall defeat them and still lose the things for which we fought. We want no termination of this greatest of all wars in a peace that is nothing but an armistice during which time a still greater war will be prepared. None shall escape, none must escape, the guilty must be punished. The President has assured us and his assurance has been confirmed by the leaders of the other great United Nations that our arms will not be laid down until the enemy has surrendered unconditionally. That, however, is not enough. A lasting peace is not guaranteed by the complete and abject surrender of an enemy.

The game of the Nazis is devious, subtle, and clever. In the same manner as the Nazis in retreating from Russia have destroyed everything of value that they could within the territory they abandoned, so now they are seeking to destroy another asset of the United Nations more priceless than the material things that they have fired and dynamited. They are seeking to destroy and are destroying the lives of human beings with whom at least in large part lies the hope of constructing a lasting peace among the nations.

Deliberately and with foul and malevolent purpose the Nazis, as they see their last hours approaching, are accelerating and intensifying their campaign to destroy the leaders of liberal and democratic outlook that are found within the territories that they hold. Since the beginning of their conquest the Germans have pursued this policy with the end in mind of keeping crushed peoples leaderless and in subjugation. Now they pursue it with renewed fanaticism in the knowledge that if they can succeed the way lies open to a new revival of nazism, years hence, in a Europe drained of its best mentalities and most independent spirits. All this has been part of the same program whereby political, religious and educational leaders have been shot, professional people have been deported to slave labor and death, and the Jews have been massacred with less pity

than that shown by any barbarians in the records of history.

Our duty in the face of this situation is clear. We must save the remnants of the intended victims from the fate that the Nazis have chosen for them. The duty is not one to the peoples of Europe or to those who otherwise would perish, it is rather a duty which we owe to ourselves and to our posterity. I avow frankly that our ends in this matter are selfish. We must save the Jews from the slaughter camps, the men of good will from massacre, the religious leaders from death, not because they need us but because we need them.

EXTENSION OF REMARKS

Mr. MORRISON of Louisiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include therein several letters.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[The matter referred to appears in the Appendix.]

RECESS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that the House stand in recess subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Accordingly (at 5 o'clock and 57 minutes p. m.) the House stood in recess, subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 6:30 p. m.

LEND-LEASE, U. N. R. R. A., AND F. E. A. CONFERENCE REPORT

Mr. CANNON of Missouri submitted the following conference report and statement on the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same.

Amendment Numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In the matter proposed to be inserted by said amendment, insert before the sum "\$43,200,000" the following: "not to exceed"

and in the matter proposed to be inserted by said amendment before the word "owned" strike out the word "now"; and the Senate agree to the same.

Amendment Numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: On page 7 of the bill, in line 10, after the words "per annum", and before the comma, insert the following: "during the incumbency of the present Administrator"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$19,750,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$75,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$340,000"; and the Senate agree to the same.

The committee report in disagreement amendment numbered 2.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMETT O'NEAL,
JED JOHNSON,

Managers on the part of the House.

KENNETH MCKELLAR,
RICHARD B. RUSSELL,
M. E. TYDINGS,
RUFUS C. HOLMAN,
C. WAYLAND BROOKS,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4937), making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

No. 1: Provides, as proposed by the Senate, for the purchase of "domestic" raw wool and "domestic" cotton from Government stock piles and makes minor textual clarifications in the amendment.

No. 2: Corrects a section number.

Nos. 4, 5, and 6, relating to the Foreign Economic Administration: Fixes the salary of the Administrator, so long as the office is held by the present incumbent, at \$15,000, as proposed by the Senate instead of \$10,000 as proposed by the House; appropriates \$19,750,000, instead of \$20,000,000, as proposed by the Senate and \$19,500,000 as proposed by the House, for salaries and expenses; and limits the amount which may be used for emergency or extraordinary expenses in connection with operations in foreign countries to \$75,000, instead of \$100,000 as proposed by the Senate, and \$50,000 as proposed by the House.

No. 7: Makes \$340,000 of the funds of the Export-Import Bank of Washington available for administrative expenses, instead of \$325,000 as proposed by the House and \$357,200 as proposed by the Senate.

AMENDMENT REPORTED IN DISAGREEMENT

The committee of conference reports in disagreement the following amendment of the Senate:

No. 2: Making not to exceed \$350,000,000 of lend-lease funds, supplies, and services, available to be applied on the United States contribution to the United Nations Relief and Rehabilitation Administration when the United States Joint Chiefs of Staff certify that the state of the war will permit the utilization of such supplies, services, or funds for such contribution. The House managers will recommend that the House recede and concur in the Senate amendment.

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
J. BUELL SNYDER,
EMMETT O'NEAL,
JED JOHNSON,

Managers on the Part of the House.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, the conference report has been agreed to by the conferees of both the House and Senate. When it is disposed of there is one separate amendment to be submitted to the House.

Does the gentleman from New York desire any time on the conference report?

Mr. TABER. Not on the conference report, but I should like some time on the amendment in disagreement. Is that No. 2?

Mr. CANNON of Missouri. Yes; No. 2.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 7, line 9: "Sec. 202. In addition to the sum appropriated by section 201 of this title, any supplies, services, or funds available for disposition or expenditure by the President under the Act of March 11, 1941, as amended (22 U. S. C. 411-419), and acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the Act of March 28, 1944, without reimbursement of the appropriations from which such supplies or services were procured or such funds were provided: *Provided*, That the supplies, services, and funds disposed of or expended under the authority of this section shall not exceed a total value, as determined under regulations to be approved by the President of \$350,000,000 and shall be charged to the amount authorized to be appropriated by said Act of March 28, 1944: *Provided further*, That the authority granted by this section shall not become effective un-

til the United States Joint Chiefs of Staff shall have issued a certification that the state of the war permits the exercise of such authority and the utilization of lend-lease supplies, services, or funds for the purposes of section 201 of this title; and after such certification such utilization shall be upon the determination of the Administrator of the Foreign Economic Administration."

Mr. CANNON of Missouri. Mr. Speaker, I move to recede and concur.

The Clerk read as follows:

Mr. CANNON of Missouri moves that the House recede from its disagreement to the amendment of the Senate No. 2 and concur therein.

Mr. CANNON of Missouri. Mr. Speaker, this amendment does not provide for the appropriation of an additional dollar; it merely makes available for U. N. R. R. A. \$350,000,000 of funds, supplies, and services already provided for lend-lease which may not be needed or used for lend-lease purposes and which may be available after we have occupied enemy territory. This provision is a precautionary one. The lend-lease funds cannot be utilized until the United States Joint Chiefs of Staff have certified that the state of the war is such that it is all right to utilize the lend-lease funds, supplies, and services for the purposes of U. N. R. R. A. Lend-lease is a war instrumentality. When the war has reached a stage at which it will not be necessary to utilize so much lend-lease for war then we will have reached the point where relief will be necessary and it is good judgment to divert what we have available at that time for lend-lease to the commitments which we will have to U. N. R. R. A. for the relief activities. It is important now that adequate provision be made for U. N. R. R. A. so that it may be prepared to meet its responsibilities in the liberated areas. This \$350,000,000, if used, will be charged up as a part of our commitment of \$1,350,000,000 for participation in the work of U. N. R. R. A.

Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I am not going to ask for a division of this motion, nor am I going to ask for a record vote. I simply want to call attention to the fact that in no sense is this amendment needed.

The funds provided in section 201, namely, \$450,000,000, are all that are needed to provide these people with all the funds necessary for any possible operation that might come along prior to the first of the year and for some time thereafter.

There is already provided in the conference report that was last agreed to here, that on the military bill, \$562,000,000 to take care of relief in the territory the Army is occupying, and that is the relief item that probably will have to be drawn on. These people would have to get in far quicker as a result of a total collapse of Germany than most of us hope for if they are going to have any substantial activity. The figures they have given us as to things they need do not check at all with information that has been given to the committee as to existing stock piles of different things or as to information I can find other places. Instead of their needing an immediate amount of \$450,000,000 in cash to buy things that would be hard to get, the total of all they ask to have in the two categories would not run beyond \$340,000,000. The things they could obtain at any time out of existing stock piles, commercial and governmental, assuming they had to have all these things, and that they could use them, would run perhaps \$440,000,000.

With no substantial activity in sight before the end of the year they need no stock piles on these things.

There is no possibility of their having to use all of these things before the Congress will get together and have an opportunity to review them. Here is the thing that bothers me about the whole situation. It is an evidence of a desire to get hold of a great lot of money that is not

needed and it tends to destroy the faith of the Congress in the organization.

I am hoping that the administration of the funds will be such that these people will not be given this money unless there is a dire need for it, because when the Foreign Economic Administration went to the Budget first they only asked for \$450,000,000 and not for this transfer item. The lease-lend appropriation called for nothing which would supply these things that might be available for transfer. There must come a time when governmental agencies have a regard for the Treasury in their requests that they make. They should be careful about these things and not ask for enormous sums of money when they are not able to justify them.

Mr. Speaker, I am not going to ask for a roll call or division because I do not feel it is wise to do so at this time and I do not care to complicate the situation that they have created by doing it. On the other hand, I feel that it must be managed with great care and that these people must be called to full account for it.

The SPEAKER. The time of the gentleman has expired.

Mr. CANNON of Missouri. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. TABER. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and to include therein a table I have prepared analyzing these categories and the stock piles.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The table referred to follows:

The U. N. R. R. A. have nothing to do until after the military are cleared out of any country. Therefore, they do not need so much money now. The Congress can provide it whenever they need it because stock piles exist on most things. Where they do not, it is shown in the following table:

	Category I		Category II	
	Necessary to buy	Stock piles existing	Necessary to buy	Stock pile existing
Grains.....				\$10,000,000
Dried beans, peas, and soya products.....		\$1,660,000		8,340,000
Canned meat.....				190,000,000
Canned fish.....		16,000,000		
Lard.....				57,000,000
Salt pork.....		34,500,000		
Milk.....		55,000,000		
Cheese.....		1,200,000		
Veterinary materials.....			\$2,500,000	
Seed.....	\$1,000,000			
Pesticides.....	3,500,000			
Fertilizer.....	1,335,000		665,000	
Binder twine.....	1,900,000			
Farm machinery.....	17,500,000			
Food processing equipment.....	8,000,000			
Fishing supplies.....	8,630,000			
Containers.....	2,500,000			
Hand tools.....	5,000,000			
Miscellaneous.....	5,000,000			
Woolen goods and garments.....	88,870,000			
Cotton goods and garments.....	22,800,000			
Raw wool.....				21,700,000
Raw cotton.....				43,200,000
Shoes and repair and raw materials therefor.....	38,250,000			
Atabrin.....			2,910,000	
Emergency units.....			6,910,000	
Epidemic units.....			5,600,000	
Hospital, 40 beds.....			2,380,000	
Hospital, 200 beds.....			1,870,000	
Standard units.....			25,720,000	

	Category I		Category II	
	Necessary to buy	Stock piles existing	Necessary to buy	Stock piles existing
Typhus supplement.....			\$4,090,000	
All other medical supplies.....			7,330,000	
Soap.....	7,885,000		4,500,000	
Water-system supplies.....	5,000,000			
Sewerage supplies.....	5,000,000			
Electricity supplies.....	8,000,000			
Transportation-system supplies.....	20,000,000			
Telecommunication supplies (½ for telephone, ½ for telegraph).....	2,000,000			
Gas-system supplies.....	2,000,000			
Construction machinery, concrete mixers and concrete block equipment, blacksmith forges, anvils, tools.....	2,000,000			
Mobile repair shops (machine and welding shops).....	9,000,000			
Construction hand tools and materials (plumbers', carpenters', and masons' construction kits).....	14,000,000			
Semifabricated iron and steel materials (bars, flats, structurals, sidings, and sheets).....	8,000,000			
Other miscellaneous repair materials and supplies (spare parts, tools, hardware, glass, etc.).....	25,000,000			
Total.....	\$210,640,000	\$108,360,000	129,375,000	\$330,240,000

Mr. TABER. May I ask the chairman of the Appropriations Committee, is there an understanding with the Foreign Economic Administration that these funds will not be transferred without consultation with the Congress?

Mr. CANNON of Missouri. We have that assurance.

Mr. TABER. There will be care exercised in this connection?

Mr. CANNON of Missouri. There are ample safeguards here. In the first place, the authority granted can become effective only on certification of the United States Joint Chiefs of Staff. Second, utilization of supplies can be made only on determination of the Administrator. And last, as the gentleman from New York [Mr. TABER] has indicated, we are assured that the ranking minority and majority Members of the House and Senate committees will be consulted preliminary to the exercise of such authority.

Mr. TABER. Mr. Speaker, that is one of the reasons why I am not going to put the House on record in connection with this matter. I do not feel that agencies should be allowed to run wild in spending money. In this case, if that understanding is lived up to, it will, I am sure, result in there being available ample funds to carry this thing on for a considerable period longer than is provided here.

Mr. CRAWFORD. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. May I ask the gentleman first the amount authorized for U. N. R. R. A.? Was that \$1,350,000,000?

Mr. TABER. That is right.

Mr. CRAWFORD. Of that \$1,350,000,000 how much has been appropriated?

Mr. TABER. Nothing.

Mr. CRAWFORD. Nothing has been appropriated?

Mr. TABER. No. This bill carries \$450,000,000 in cash and \$350,000,000 authority for transfer from lend-lease funds.

Mr. CRAWFORD. Will the \$350,000,000 in that case and in the event it is transferred from lend-lease be charged against the \$1,350,000,000?

Mr. TABER. Certainly it will.

Mr. CANNON of Missouri. It is so provided in the amendment itself, lines 17 to 22, of page 7:

The supplies, services, and funds disposed of or expended under the authority of this section * * * shall be charged to the amount authorized to be appropriated by said act of March 28, 1944.

The \$450,000,000 appropriated and the \$350,000,000 authorized for transfer, total only \$800,000,000 of our authorized quota of \$1,350,000,000, whereas England has already appropriated her entire quota.

Mr. CRAWFORD. What was England's total quota?

Mr. TABER. Three hundred and twenty million dollars.

Mr. CANNON of Missouri. Each of the 44 participating nations contributes on the basis of 1 percent of its national income calculated on its income for the calendar year 1943.

The SPEAKER. The time of the gentleman has expired.

Mr. CASE. Mr. Speaker, I wish to express my appreciation to the conferees for accepting the change made in the other body by inserting the word "domestic" ahead of the words "raw wool" in the amendment which the House adopted on my motion when this bill was originally before us. This brings the provision in line with the amendment as I offered it originally in the House and is fully justified by the facts in the case.

We have large Government-owned stock piles of both foreign and domestic wool in the United States owned by Government corporations. Both of them hang heavy over the market and over the wool-growing industry. As a result of war purchases, there is in sight enough right now to meet domestic demands for from 2 to 3 years. So, it is simply good sense, as the gentleman from Tennessee, [Mr. JENNINGS] pointed out during my remarks the other day, for the Government to buy some of its own surplus of wool for that part of its contribution to U. N. R. R. A. It would be good sense, whether we contributed it out of either stock pile, the foreign held by Defense Supplies Corporation or the domestic held by Commodity Credit Corporation. But if we took it from the foreign stock pile, we would not do the most good, for when it was exhausted, more foreign wool would seek to enter the country by underbidding the price the Government already has invested in its domestic wool.

The step which the House took in accepting my modified amendment when this bill was originally before us greatly

cheered the wool growers because it demonstrated that Congress is giving some heed to the situation to which attention has been so graphically drawn by the studies of the United States Tariff Commission on the subject of wool. They will be even more greatly cheered by the action of the conferees in accepting the insertion of the word "domestic." I have received letters from Mr. James H. Lemmon, of Lemmon, S. Dak., president of the National Wool Growers Corporation, and Mr. J. B. Wilson, of McKinley, Wyo., legislative chairman of the National Wool Growers Association, on both points. So, I can assure the membership of the House that action today approving the conference report with this change will be appreciated by the wool growers throughout the country. They will be glad that Congress kept our domestic economy in mind when making this contribution of wool and cotton to the relief and rehabilitation needs of the world.

Mr. CANNON of Missouri. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

EXTENSION OF REMARKS

Mr. RANKIN, Mr. HENDRICKS, Mr. CUNNINGHAM, and Mr. LAMBERTSON asked and were given permission to extend their own remarks in the Record.

Mr. CASE. Mr. Speaker, I ask unanimous consent to extend my own remarks in connection with the consideration of the lend-lease conference report.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

WAR AGENCIES APPROPRIATION BILL, 1945

Mr. CANNON of Missouri submitted the following conference report and statement on the bill (H. R. 4879) making appropriations for the war agencies for the fiscal year ending June 30, 1945, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4879) making appropriations for war agencies for the fiscal year ending June 30, 1945, and for other purposes, having met, after

[PUBLIC LAW 382—78TH CONGRESS]

[CHAPTER 324—2D SESSION]

[H. R. 4937]

AN ACT

Making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, and for the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for defense aid pursuant to the Act of March 11, 1941, as amended, for participation by the United States in the work of the United Nations Relief and Rehabilitation Administration pursuant to the Act of March 28, 1944, and for the support of the Foreign Economic Administration, for the fiscal year ending June 30, 1945, and for other purposes, as follows:

TITLE I—DEFENSE AID—LEND-LEASE

SEC. 101. To enable the President, during the fiscal year ending June 30, 1945, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an Act to promote the defense of the United States, approved March 11, 1941, as amended, and for each and every purpose incident to or necessary therefor, the following sums for the following respective purposes:

(a) For the procurement, by manufacture or otherwise, of defense articles, information, and services, for the government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

Agricultural, industrial, and other commodities and articles, \$3,446,361,000.

(b) For administrative expenses, not specified or included in the appropriation for "Salaries and expenses, Foreign Economic Administration, 1945", \$4,209,000.

(c) In all, \$3,450,570,000.

(d) Each of the foregoing appropriations shall be additional to, and consolidated with, the appropriations for the same purposes, contained in the same respective categories of appropriation in the Defense Aid Supplemental Appropriation Act, 1941, the Defense Aid Supplemental Appropriation Act, 1942, the Second Defense Aid Supplemental Appropriation Act, 1942, and the Defense Aid Supplemental Appropriation Act, 1943, and the appropriations contained in the foregoing Acts are hereby continued and shall be available until June 30, 1945; and \$88,299,000 of the money and property converted into money which have been hitherto received as a result of operations under said Act of March 11, 1941, as amended, is hereby

consolidated with, and shall be available until June 30, 1945, for any of the purposes of, the appropriation for "Agricultural, industrial, and other commodities and articles": *Provided*, That with the exception of the appropriation for "Administrative expenses", not to exceed 20 per centum of any of the foregoing appropriations may be transferred by the President to any other of such appropriations, but no such appropriation shall be increased more than 30 per centum thereby: *Provided further*, That notwithstanding the foregoing proviso (1) balances, unobligated as of June 30, 1944, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof", and for "Miscellaneous military equipment, supplies, and materials", may be transferred by the President to and consolidated with the appropriation provided above for "Agricultural, industrial, and other commodities and articles", and (2) balances, unobligated as of June 30, 1944, and balances subsequently released from obligation, of appropriations contained in the foregoing Acts for "Necessary services and expenses" may be transferred by the President to and consolidated with any of the appropriations provided above, except the appropriation for "Administrative expenses".

SEC. 102. Any defense article, information, or service procured from funds appropriated by this title or prior Acts appropriating funds to the President for the purpose of carrying out the provisions of said Act of March 11, 1941, as amended, shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby: *Provided further*, That none of the funds appropriated in this title shall be used for the payment of any subsidy on agricultural products produced in the continental United States nor for the purchase or distribution of any food products for use in Puerto Rico or the Virgin Islands.

SEC. 103. This title may be cited as "Defense Aid Appropriation Act, 1945".

TITLE II—UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

SEC. 201. To enable the President to carry out the provisions of the Act of March 28, 1944 (Public Law 267), and for each and every purpose incident thereto or necessary therefor, \$450,000,000, not to exceed \$21,700,000 shall be available for procurement of sixty-one million seven hundred thousand pounds of domestic raw wool, or such amount of domestic raw wool as the foregoing sum will purchase, from stock piles of the United States Government existing on the date of the approval of this Act and not to exceed \$43,200,000 shall be available for procurement of three hundred and forty-five thousand five hundred bales of domestic cotton, or such amount of domestic cotton as the foregoing sum will purchase, owned by the Commodity Credit Corporation, to be available immediately and to remain available until June 30, 1946: *Provided*, That (1) any sums allocated by the President to any executive department, independent establishment, or agency for any of the purposes hereof, from funds appropriated by or authorized to be

expended under this title or from funds made available by the United Nations Relief and Rehabilitation Administration, may be expended without regard to those provisions of law waived by law with respect to the expenditure of Government funds by such department, independent establishment, or agency; (2) the appropriations, funds, or accounts of any executive department, independent establishment, or agency shall be reimbursed or credited from sums allocated hereunder, except as hereinafter provided, for any supplies or services procured from such appropriations or funds or by use of such accounts and furnished for any of the purposes hereof: and (3) any supplies or services procured from funds appropriated by or authorized to be expended under this title may be retained by or transferred to any executive department, independent establishment, or agency, and said funds shall be reimbursed from payments made in return therefor by such department, independent establishment, or agency: *Provided further*, That any officer or employee of any executive department, independent establishment, or agency who is detailed to the United Nations Relief and Rehabilitation Administration and compensated hereunder, either directly or by reimbursement of applicable appropriations or funds, shall, while so detailed, retain and be entitled to the rights, benefits, privileges, and status of an officer or employee of the United States and of the department, independent establishment, or agency from which detailed.

SEC. 202. In addition to the sum appropriated by section 201 of this title, any supplies, services, or funds available for disposition or expenditure by the President under the Act of March 11, 1941, as amended (22 U. S. C. 411-419), and Acts supplementary thereto, may be disposed of or expended by the President to carry out the provisions of the Act of March 28, 1944, without reimbursement of the appropriations from which such supplies or services were procured or such funds were provided: *Provided*, That the supplies, services, and funds disposed of or expended under the authority of this section shall not exceed a total value, as determined under regulations to be approved by the President of \$350,000,000 and shall be charged to the amount authorized to be appropriated by said Act of March 28, 1944: *Provided further*, That the authority granted by this section shall not become effective until the United States Joint Chiefs of Staff shall have issued a certification that the state of the war permits the exercise of such authority and the utilization of lend-lease supplies, services, or funds for the purposes of section 201 of this title; and after such certification such utilization shall be upon the determination of the Administrator of the Foreign Economic Administration.

SEC. 203. This title may be cited as "United Nations Relief and Rehabilitation Administration Participation Appropriation Act, 1945".

TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE FOR EMERGENCY MANAGEMENT

FOREIGN ECONOMIC ADMINISTRATION

Salaries and expenses: For all expenses necessary to enable the Foreign Economic Administration to carry out its functions and activities, including salaries of the Administrator at \$15,000 per

annum during the incumbency of the present Administrator, and four assistants to the Administrator at \$9,000 per annum each; employment of aliens; temporary employment of persons or organizations by contract or otherwise without regard to the civil-service and classification laws (not exceeding \$100,000); travel expenses (not exceeding \$275,000 for travel within continental United States), including expenses of employees of the Administration and the transportation of their personal effects to their first posts of duty in a foreign country and return to their homes; transportation of dependents and household goods and effects, in accordance with the Act of October 10, 1940, from foreign countries to their homes in the United States of employees of the Foreign Economic Administration and the State Department for whom such expenses to a foreign country were authorized and paid from funds allocated to the Board of Economic Warfare; advances of money, upon the furnishing of bond, to employees traveling in a foreign country, in such sums as the Administrator shall direct; reimbursement of employees for loss of personal effects in case of marine or aircraft disaster; rental of news-reporting services; purchase of, or subscription to, commercial and trade reports; printing and binding (not exceeding \$90,000); \$19,750,000, of which amount not to exceed \$75,000 shall be available for payment, or reimbursement to employees, as determined by the Administrator, for emergency or extraordinary expenses in connection with operations in foreign countries, without regard to the provisions of law regulating the expenditure, accounting for, and audit of Government funds: *Provided further*, That not to exceed \$500,000 of the amount herein appropriated shall be available for expenditures of a confidential character to be expended under the direction of the Administrator, who shall make a certificate of the amount of each such expenditure which he may think it advisable not to specify, and every such certificate shall be deemed a sufficient voucher for the amount therein certified.

Payments for articles and materials requisitioned: For the purpose of making payments to the owners thereof for articles requisitioned under authority of the Acts of October 10, 1940, and October 16, 1941, as amended (50 U. S. C. App. 711 and 721), the unexpended balance as of June 30, 1944, of the fund consisting of (1) the allocation of \$200,000 to the Economic Defense Board from the emergency fund for the President by letter of November 26, 1941, and (2) the receipts credited to said appropriation by said Act of October 10, 1940, as amended and reallocated for the same purpose by said letter of allocation, is hereby continued available to the Foreign Economic Administration for the fiscal year 1945: *Provided*, That receipts of the sales of articles requisitioned by said Administrator under authority of said Act of October 16, 1941, shall be deposited to the credit of this fund and be immediately available for the purposes thereof.

No part of any funds appropriated or made available in this title to the Foreign Economic Administration shall be used directly or indirectly for the procurement of services, supplies, or equipment in connection with its foreign procurement activities outside the United States except for the purpose of executing general economic programs or policies formally approved in writing by a majority of the War

Mobilization Committee and such writing has been filed with the Secretary of State prior to any such expenditure.

Export-Import Bank of Washington, administrative expenses: Not to exceed \$340,000 of the funds of the Export-Import Bank of Washington, continued as an agency of the Government by the Act of September 26, 1940 (15 U. S. C. 713b), shall be available during the fiscal year 1945 for all administrative expenses of the bank, including personal services in the District of Columbia and elsewhere; travel expenses, in accordance with the Standardized Government Travel Regulations and the Act of June 3, 1926, as amended (5 U. S. C. 821-833); printing and binding; lawbooks and books of reference; not to exceed \$100 for periodicals, \$200 for newspapers, and \$200 for maps; not to exceed \$15,000 for the temporary employment of persons or organizations for special services by contract or otherwise, without regard to section 3709 of the Revised Statutes; and rent in the District of Columbia: *Provided*, That all necessary expenses (including special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the bank or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof: *Provided further*, That sections 201, 202, and 203 of the National War Agencies Appropriation Act, 1945, shall have no application to this appropriation.

SEC. 301. Those general provisions in the National War Agency Appropriation Act, 1945, applicable to the constituent agencies of the Office for Emergency Management, and those general provisions in such Act generally applicable to all agencies in such Act, are hereby made applicable to the same extent, except as otherwise provided, to the appropriations in this title.

SEC. 302. This title may be cited as the "Foreign Economic Administration Appropriation Act, 1945".

Approved June 30, 1944.

